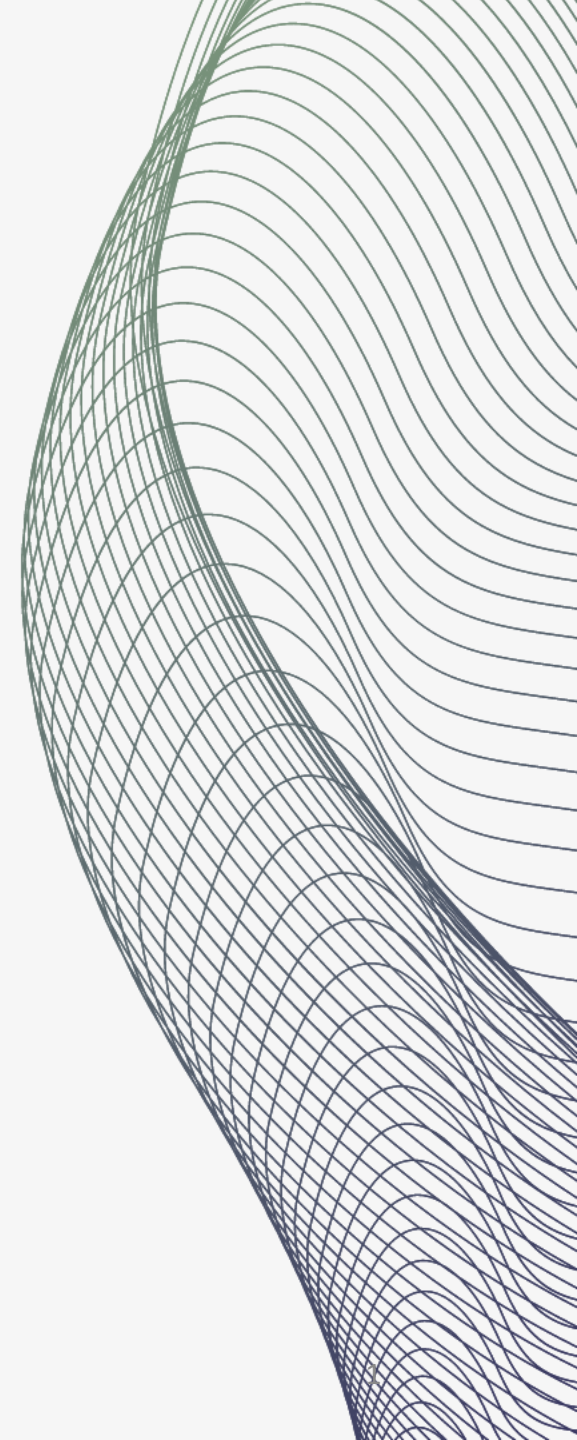# Effects of Inflation on the Livelihoods of the Poorer Households in Bangladesh: Findings from SANEM's Nationwide Household Survey during 9-18 March 2023

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SANEM
RESEARCH | KNOWLEDGE | DEVELOPMENT

Background

- Bangladesh's annual inflation rate (point to point) rose from 6.17% in February 2022 to 8.78% in February 2023 (BBS, 2023). In some months during this period, it want above 9%.

- There are concerns that the actual inflation rate might be higher for the low-income households (see SANEM's work on inflation).

- Reasons for this soaring inflation in recent months include escalated prices of food, fuel, and other commodities in the global market, shortage of domestic production, supply-side disruptions as well as imperfections and anomalies in the local markets, and depreciation of domestic currency i.e., taka.

- As always, low-income groups are the worst sufferers.

Objectives

- This study investigates
  - the effect of inflation on the livelihoods of the poorer households in Bangladesh,
  - poorer households' coping strategies in response to the high inflation, and
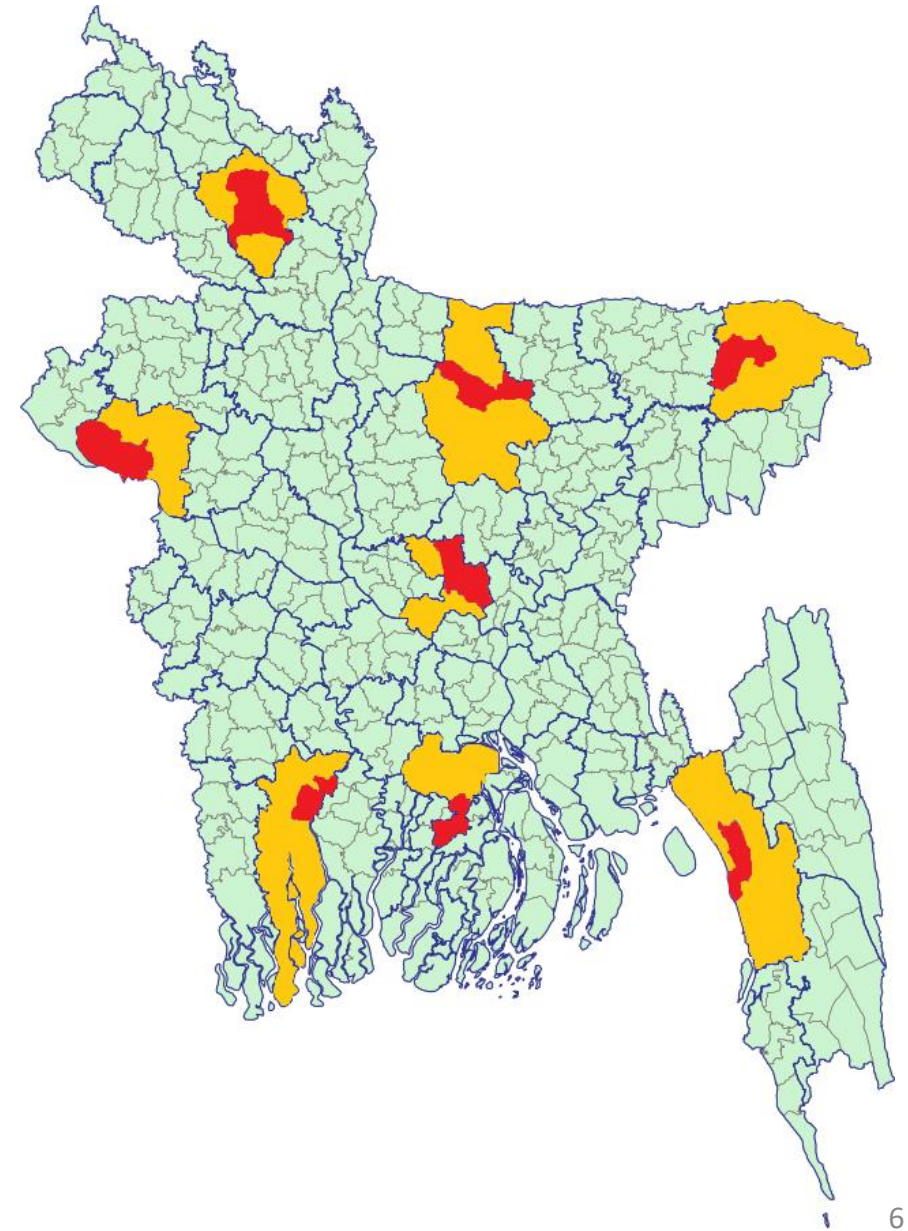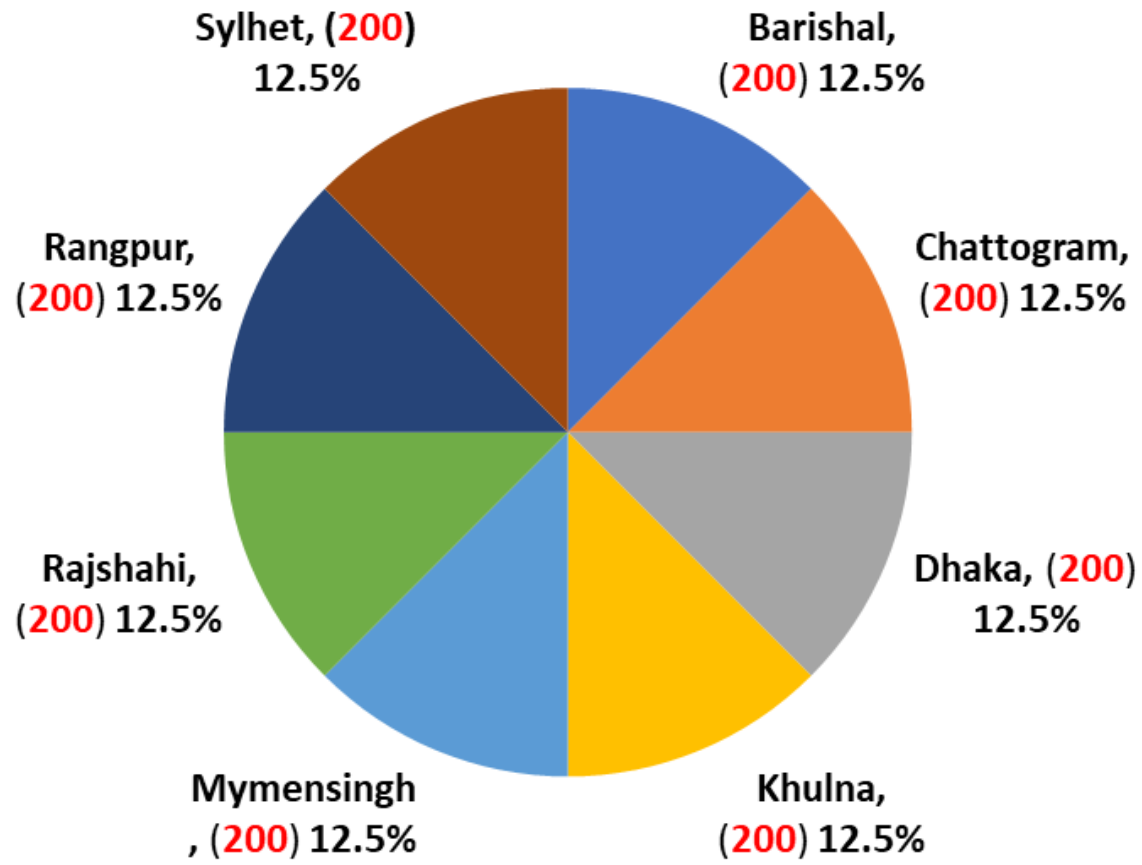 - poorer households' future outlooks.

Methodology

- The study conducted a survey of 1600 households across 8 divisions:
  - 800 households from urban and 800 households from rural areas.
- For urban areas- households were selected from different slums of city corporations from each divisional headquarter.
- For rural areas- households were selected from upazila except for divisional upazila; four villages from each upazila were selected.
- The households were selected randomly based mainly on their dwelling types.
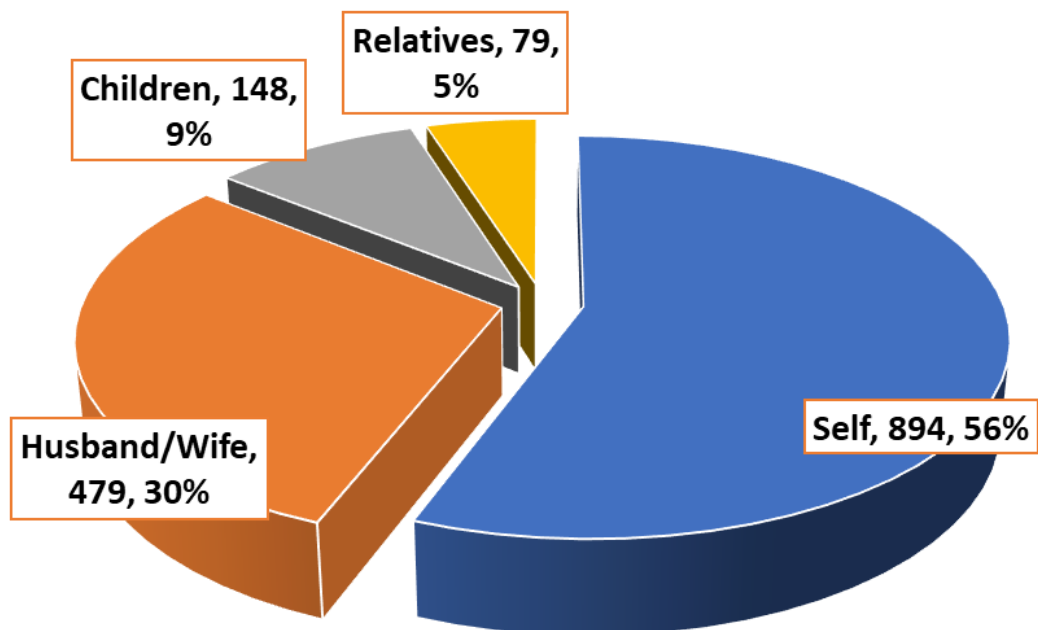- The survey was conducted between 9 and 18 March 2023.

Sampling areas

Division	Urban (City Corporation Name)	Rural (Upazila Name)
Barishal	Barishal City Corporation	Bakerganj
Chattogram	Chattogram City Corporation	Hathazari
Dhaka	Dhaka City Corporation	Savar
Khulna	Khulna City Corporation	Batiyaghata
Mymensingh	Mymensingh City Corporation	Gouripur
Rajshahi	Rajshahi City Corporation	Godagari
Rangpur	Rangpur City Corporation	Mithapukur
Sylhet	Sylhet City Corporation	Bishwanath

Sample distribution

Sylhet, (200) 12.5%

Barishal, (200) 12.5%

Chattogram, (200) 12.5%

Dhaka, (200) 12.5%

Khulna, (200) 12.5%

Mymensingh, (200) 12.5%

Rajshahi, (200) 12.5%

Rangpur, (200) 12.5%

Household characteristics (1/5)

Respondent's relationship with household head (%)

Sex of the household head (%)

Relatives, 79, 5%

Children, 148, 9%

Husband/Wife, 479, 30%

Self, 894, 56%

Female, 166, 10%

Male, 1,434, 90%
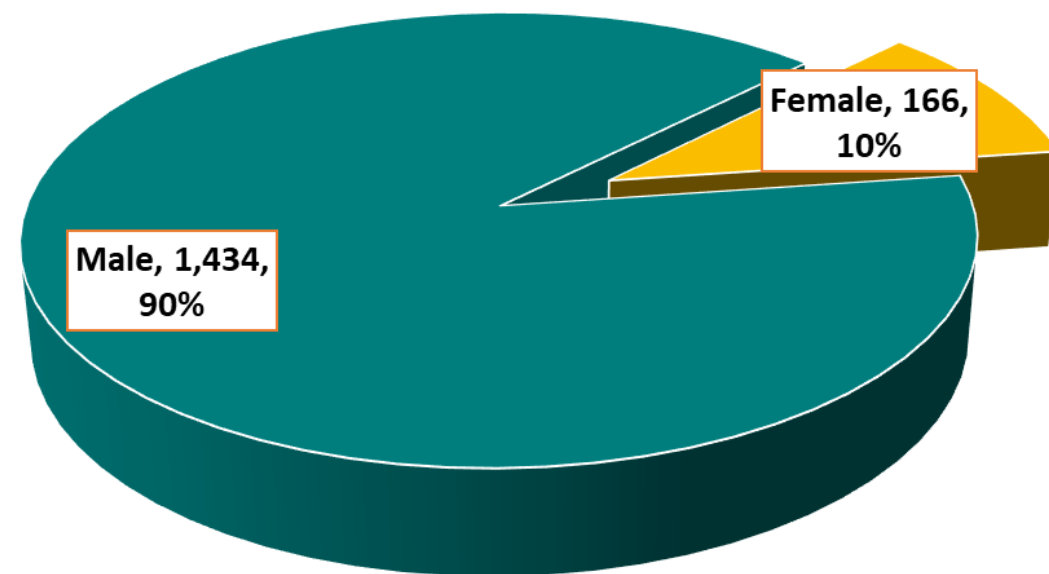
N = 1600 Households

Household characteristics (2/5)

Marital status of the household head (%)

Religion of the household head (%)

Unmarried, 57, 3%

Separated, 15, 1%

Divorced, 12, 1%

Widow, 82, 5%

Married, 1,434, 90%

Hindu, 197, 12%

Christian, 5, 0%

Muslim, 1,397, 88%

Buddist, 1, 0%
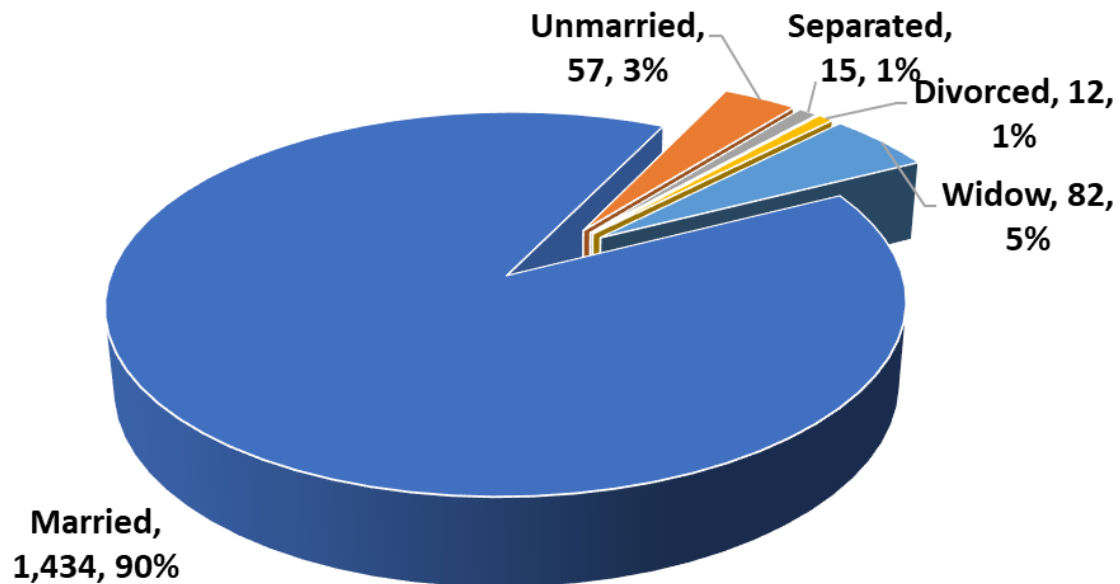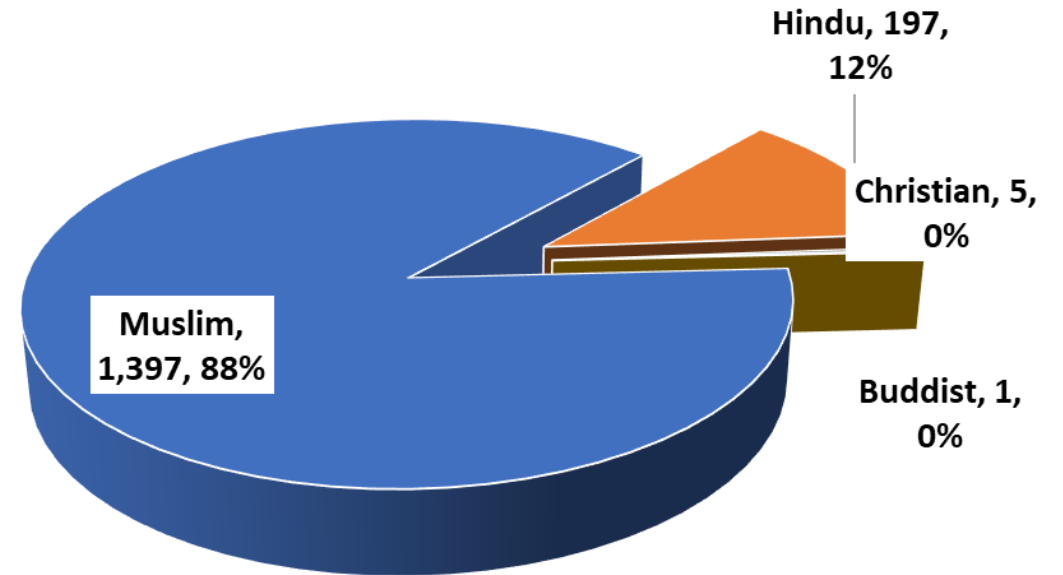
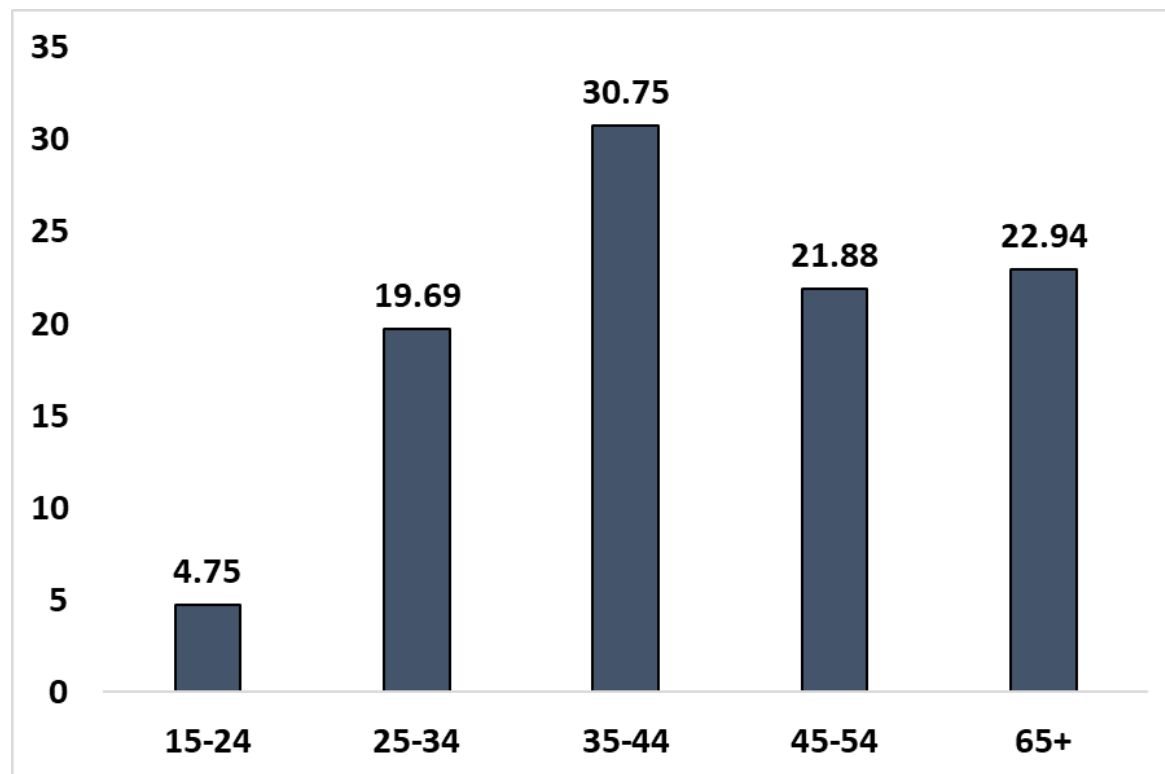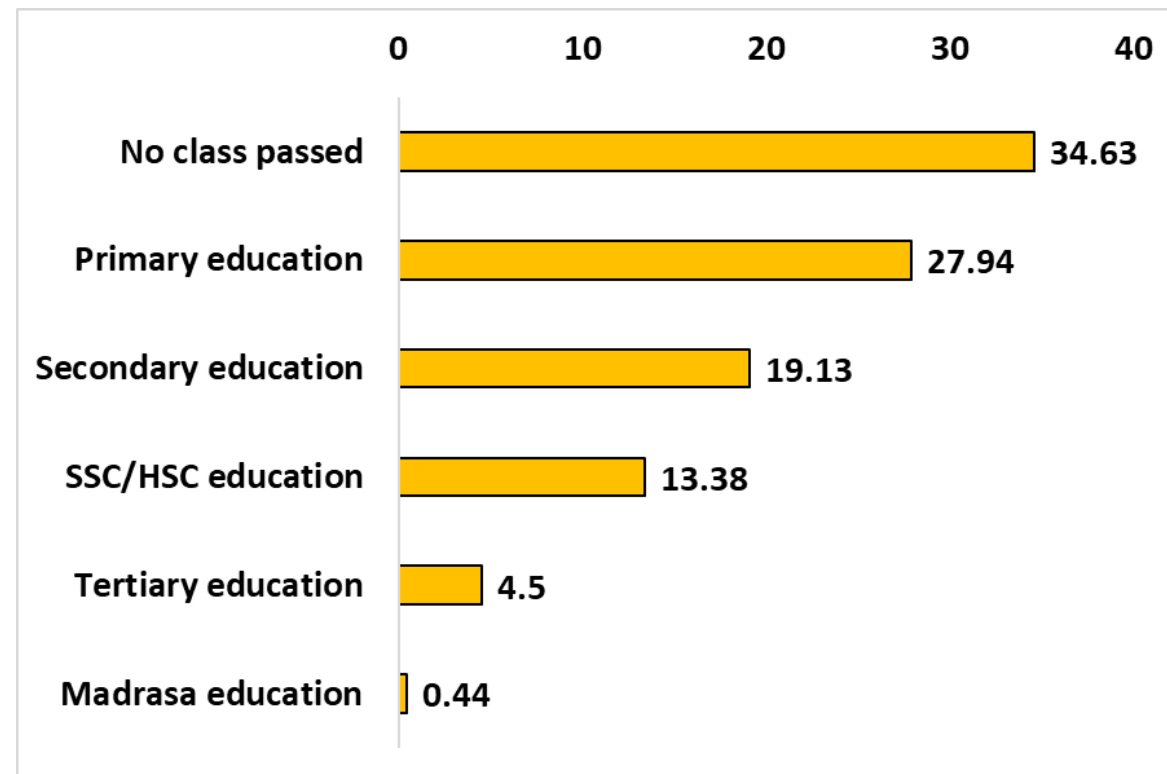N = 1600 Households

Household characteristics (3/5)

Age of the household head (%)

Education of the household head (%)

N = 1600 Households

Household characteristics (4/5)

Main occupation of household head

Occupation	Value
Small business (owner)	17.38
Rickshaw/van puller	10.88
Non-agri day-labourer	9.75
Farmer	8.69
Business firm (worker/employee)	5.69
Construction worker	5.69
Agri day-labourer	5.56
Other sevices	5.5
Servant/maid servant	3.69
Transport worker	3.63
Not working/ disabled	3.13
Driver (Auto, CNG and others)	2
Garments worker	1.5
Hawker	1.19
Hotel worker	1.13
Barber	0.63
Cottage industry	0.38
Student	0.13
Others	13.5

N = 1600 Households

Information related to household members (mean number)

Household information	National	Rural	Urban
Household size	4.73	4.85	4.62
Children (age<=18) in the household	1.36	1.39	1.32
Children (age<=5 in the household)	0.48	0.46	0.49
School-going children in the household	1.06	1.18	0.95
Older aged members (age>65) in the household	0.37	0.40	0.34
Number of earners in the household	1.35	1.29	1.41
Number of female earners in the household	0.23	0.10	0.35

Household characteristics (5/5)

Dwelling type of the households
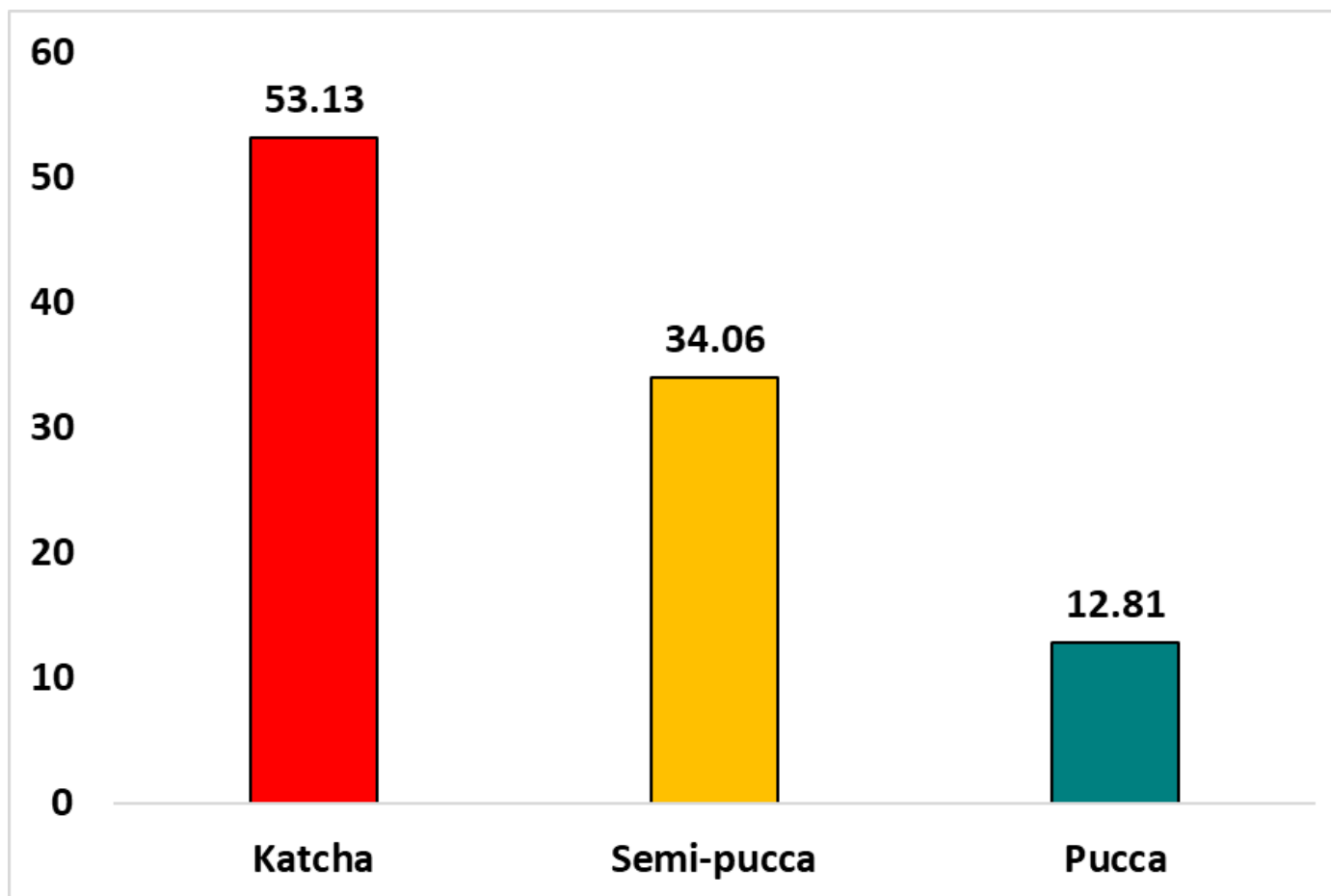
N = 1600 Households

Change in average household income

16,000

14,030 14,025   14,022 14,005   14,039 14,044

14,000

12,000

10,000

8,000

6,000

4,000

2,000

-

National   Rural   Urban

■ 6 Month Back (September 2022)   □ Current (February 2023)
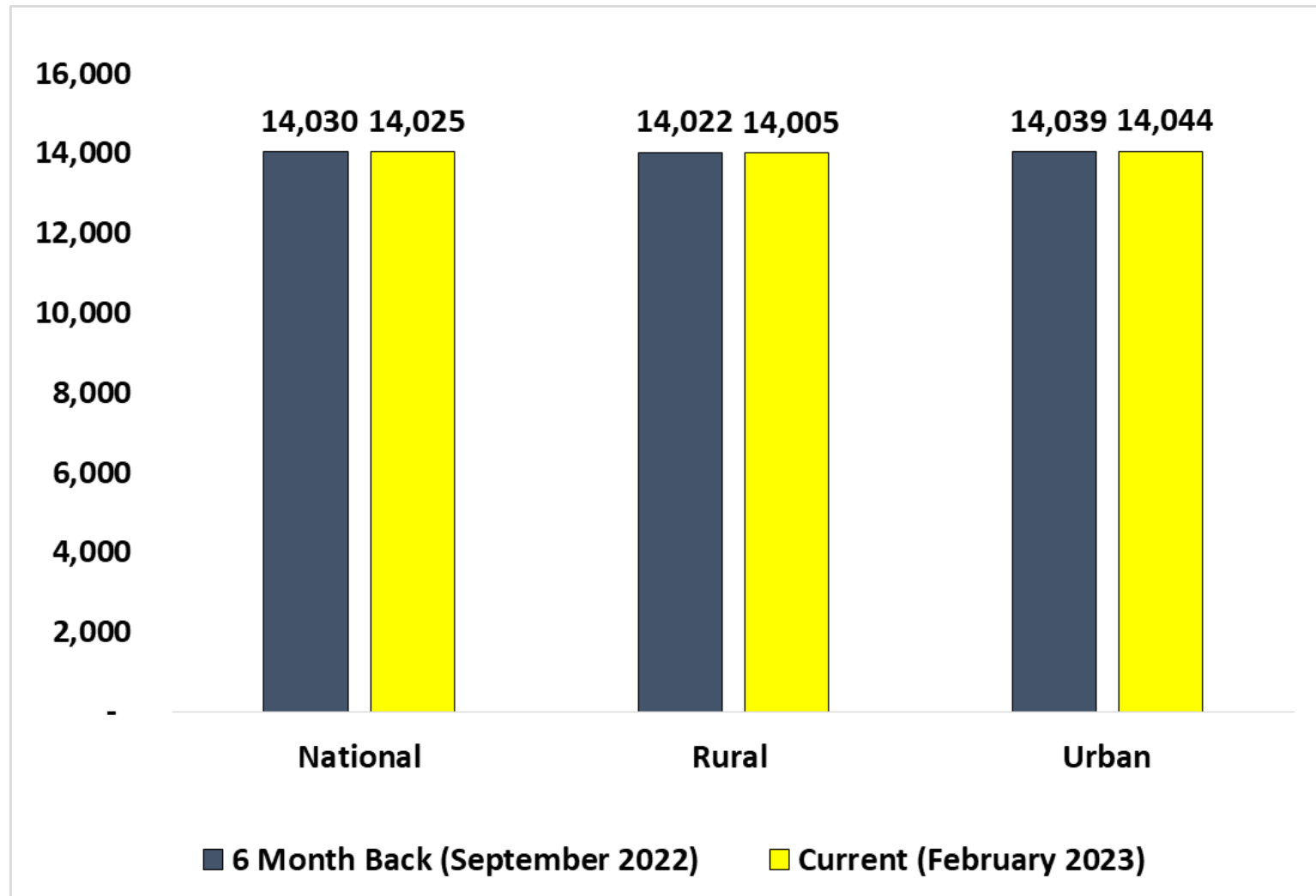
N = 1600 Households

Change in average household expenditure
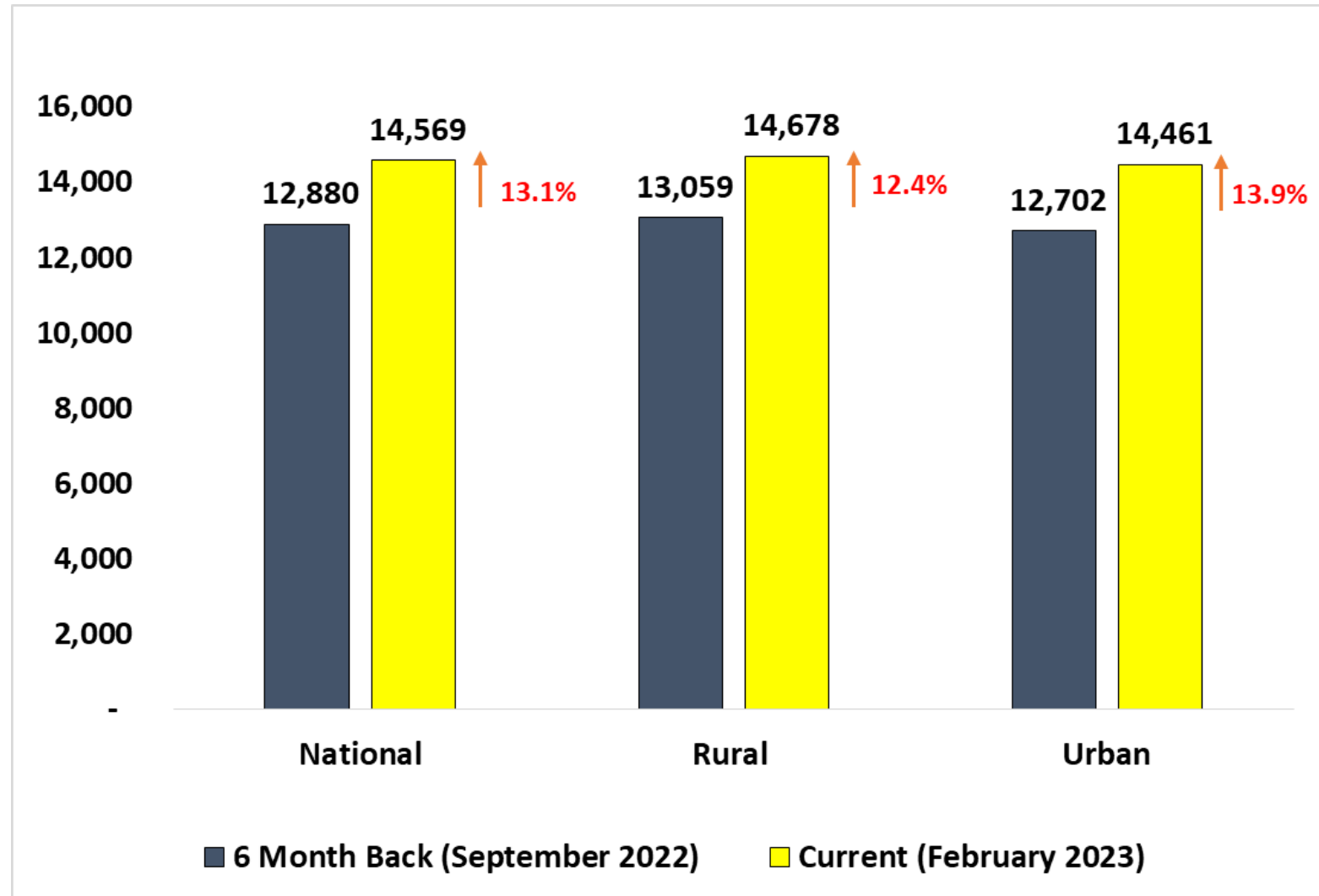
N = 1600 Households

Change in food and non-food expenditure

Change in food expenditure
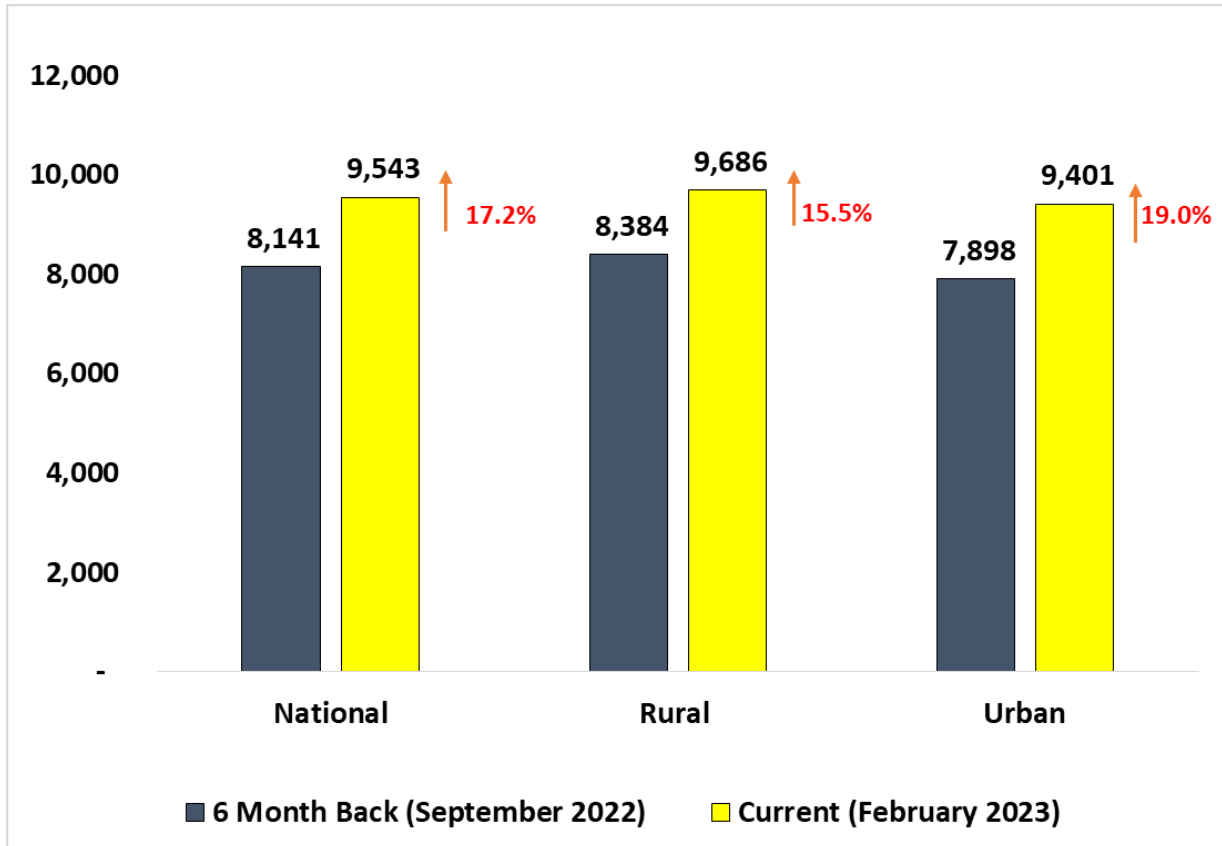
Change in non-food expenditure

N = 1600 Households

Major coping strategies

Coping strategy	Yes
Changing food habits	90.2
Borrowing	73.8
Reducing non-food expenditure	55.9
Erosion of the saving opportunity	55.5
Working overtime	39.3
Relying on aid	35.4
Using savings	35.3
Involving in secondary occupation	13.1
Selling properties	12.9
Selling off durable goods	10.9
Reducing exp by discontinuing child's education	10.4
Changing the job	10.4
Moving to cheaper rented house	6.9
Involving children into child labour	6.3
Migration	4.2
Early marriage of daughter	2.2
Others	0.8

■ Yes ■ No

N = 1600 Households

Major coping strategies (by rural-urban)

Coping strategy	Urban	Rural
Changing food habits	94.4	86.0
Borrowing	73.8	73.8
Erosion of the saving opportunity	53.0	58.0
Reducing non food expenditure	61.4	50.4
Working overtime	43.1	35.5
Relying on aid	36.4	34.5
Using Savings	36.5	34.1
Selling properties	7.8	18.1
Involving in secondary occupation	11.4	14.8
Selling off durable goods	8.8	13.0
Changing the job	11.0	9.8
Reducing exp by discontinuing child's education	12.4	8.5
Moving to cheaper rented house	9.8	4.1
Involving children into child labour	9.0	3.5
Migration	5.5	2.9
Early marriage of daughter	2.9	1.5
Others	1.3	0.4

N = 1600 Households

Sources of borrowing (% of households)

Source	%
Microcredit	45.42
Friends/neighbors/family/relatives	36.53
Cooperative society	22.63
Bank	13.90
Mahajan	2.80

N = 1180 Households

Poorer households are eating less

Quantity of consumption of food items now compared to six months back

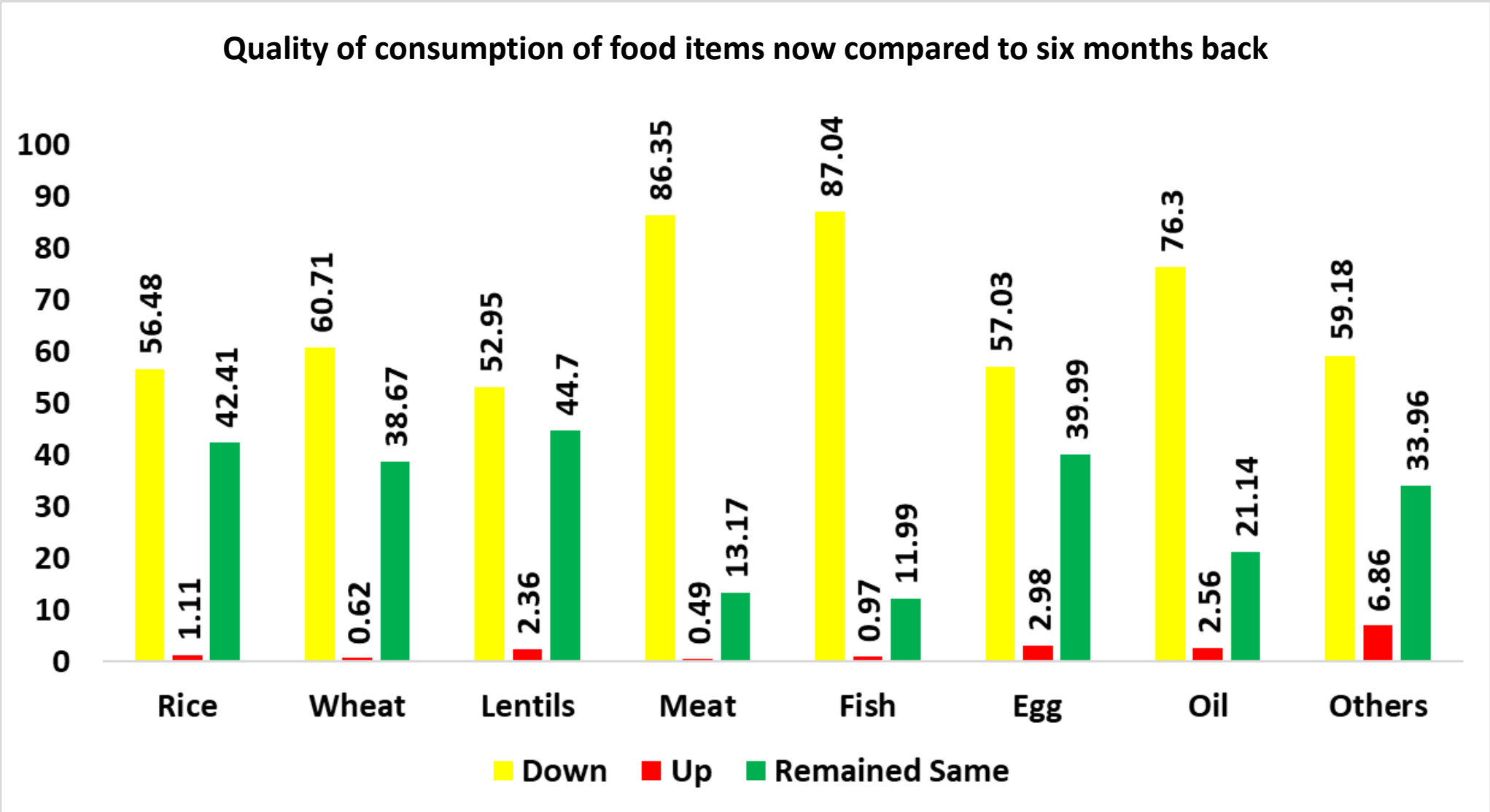| Food Item	Decreased	Increased	Remained Same
Rice	37.08	4.71	58.21
Wheat	56.55	1.87	41.58
Lentils	45.53	14.41	40.06
Meat	96.4	0.97	2.63
Fish	88.22	1.8	9.98
Egg	77.06	6.38	16.56
Oil	81.43	4.02	14.55
Others	59.53	13.79	26.68

N = 1443 Households

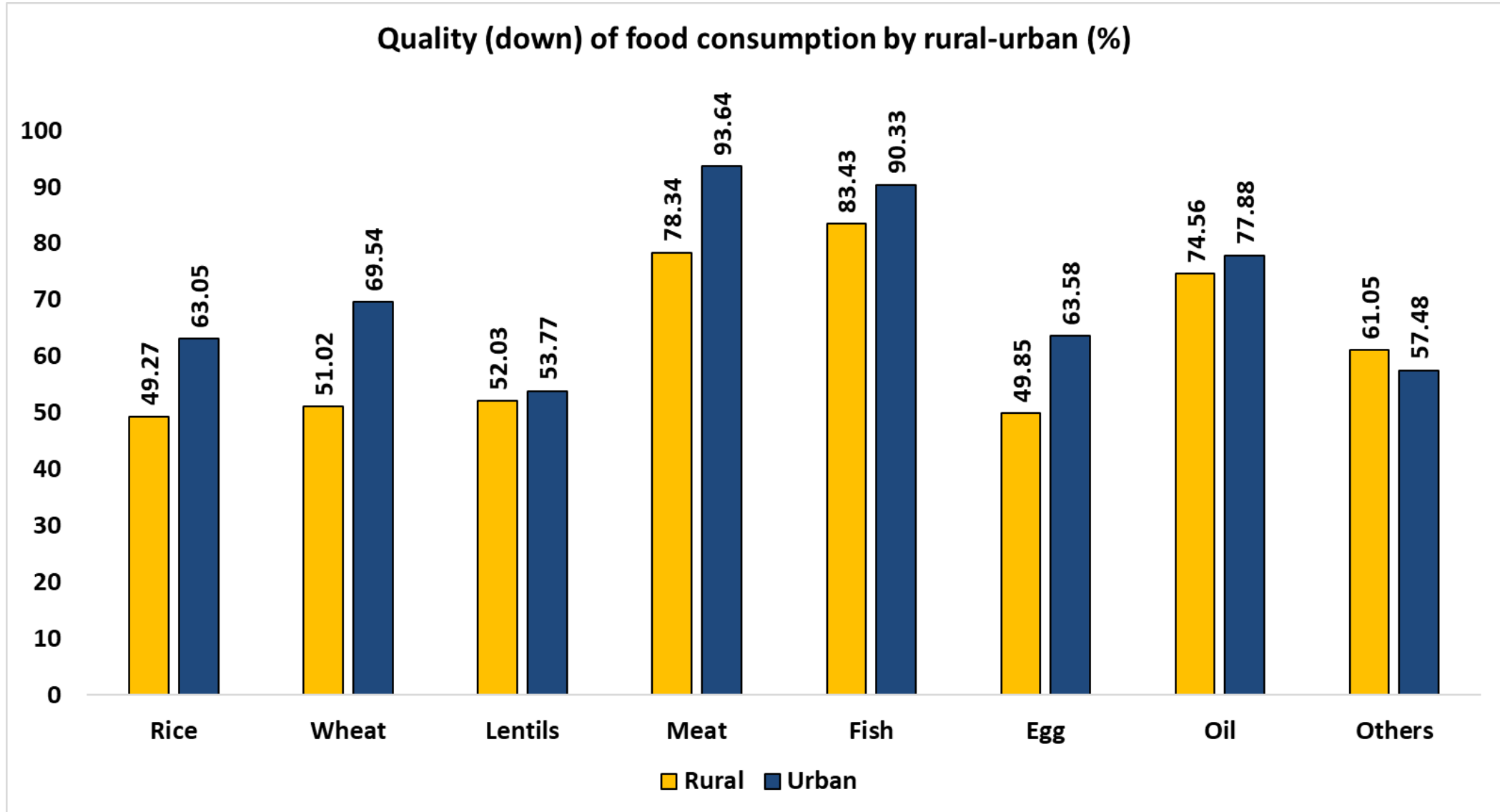# Poorer households are eating less: Urban households are cutting down food intake more than rural households.

Decreased quantity of food consumption by rural-urban (%)

	Rice	Wheat	Lentils	Meat	Fish	Egg	Oil	Others
Rural	32.27	46.95	43.46	96.22	86.63	75.87	81.98	60.61
Urban	41.46	65.3	47.42	96.56	89.67	78.15	80.93	58.54

■ Rural ■ Urban

N = 1443 Households

Poorer households are switching to low quality food

Quality of consumption of food items now compared to six months back

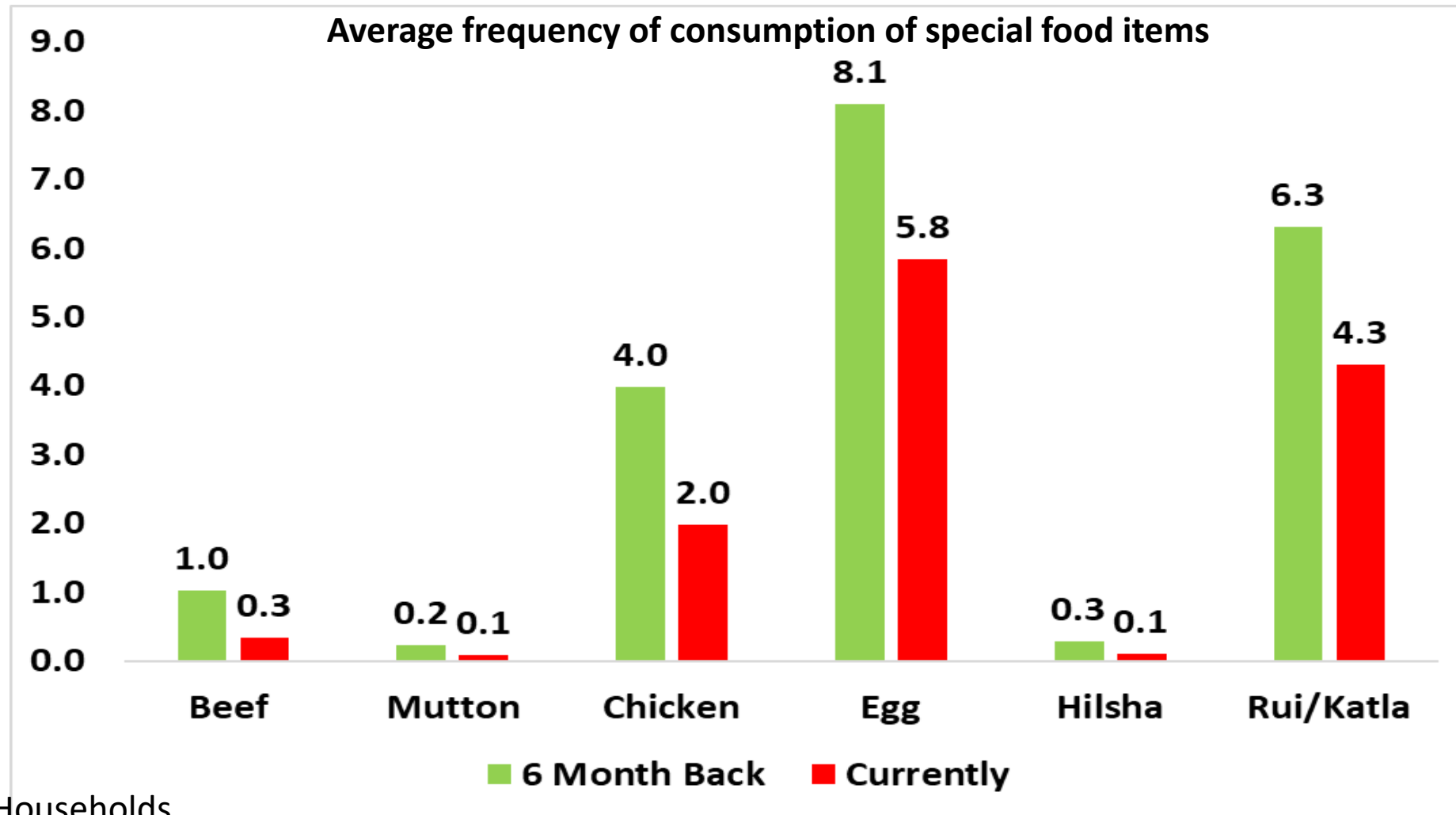|	Rice	Wheat	Lentils	Meat	Fish	Egg	Oil	Others
Down	56.48	60.71	52.95	86.35	87.04	57.03	76.3	59.18
Up	1.11	0.62	2.36	0.49	0.97	2.98	2.56	6.86
Remained Same	42.41	38.67	44.7	13.17	11.99	39.99	21.14	33.96

Legend: ▮ Down ▮ Up ▮ Remained Same

N = 1443 Households

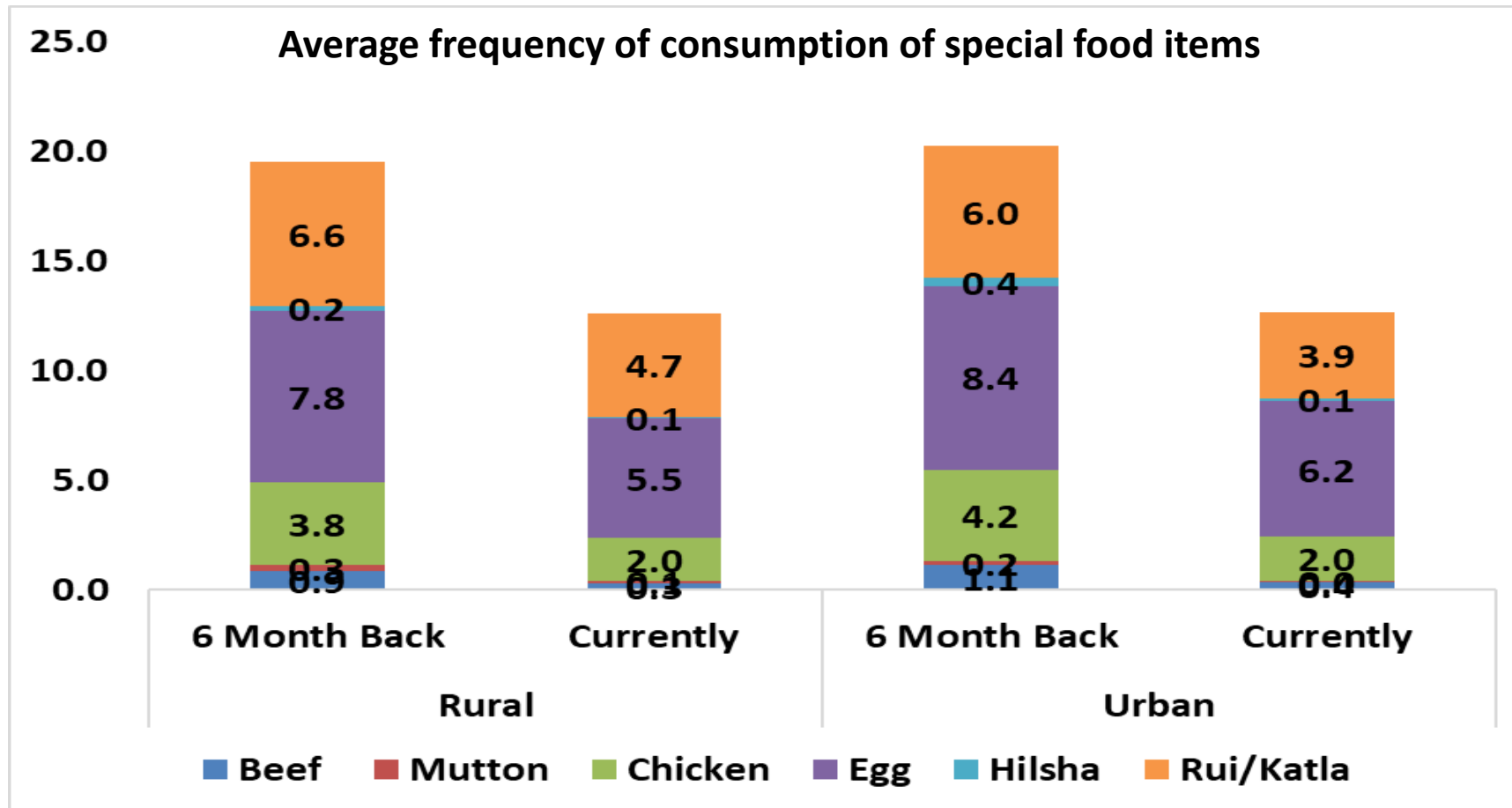# Poorer households are switching to low quality food: Urban households are switching more than rural households

Quality (down) of food consumption by rural-urban (%)

	Rice	Wheat	Lentils	Meat	Fish	Egg	Oil	Others
Rural	49.27	51.02	52.03	78.34	83.43	49.85	74.56	61.05
Urban	63.05	69.54	53.77	93.64	90.33	63.58	77.88	57.48

N = 1443 Households

Poorer households are eating "special food" items less frequently in a month

Average frequency of consumption of special food items

Legend: 6 Month Back (green), Currently (red)

Food item	6 Month Back	Currently
Beef	1.0	0.3
Mutton	0.2	0.1
Chicken	4.0	2.0
Egg	8.1	5.8
Hilsha	0.3	0.1
Rui/Katla	6.3	4.3

N = 1443 Households

Poorer households are eating "special food" items less frequently in a month (rural-urban)

Average frequency of consumption of special food items

Legend: ■ Beef ■ Mutton ■ Chicken ■ Egg ■ Hilsha ■ Rui/Katla

Rural — 6 Month Back: Beef 0.9, Mutton 0.3, Chicken 3.8, Egg 7.8, Hilsha 0.2, Rui/Katla 6.6
Rural — Currently: Beef 0.3, Chicken 2.0, Egg 5.5, Hilsha 0.1, Rui/Katla 4.7
Urban — 6 Month Back: Beef 1.1, Mutton 0.2, Chicken 4.2, Egg 8.4, Hilsha 0.4, Rui/Katla 6.0
Urban — Currently: Beef 0.4, Chicken 2.0, Egg 6.2, Hilsha 0.1, Rui/Katla 3.9

N = 1443 Households

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Poorer households are cutting down important non-food expenditures

Whether households reduced following non food items

Item	Yes	No
Clothing	92.4	7.6
Health	60.9	39.2
Utility services	57.6	42.4
Children education	45.1	54.9
Others	20.5	79.5
Housing Rent	20.5	79.5

N = 894 Households

Poorer households are cutting down important non-food expenditures: Rural households are cutting down more than urban households.

% of households reduced non-food items by rural-urban

	Housing Rent	Others	Children education	Utility services	Health	Clothing
Rural	22.58	23.57	49.88	57.07	63.52	92.06
Urban	18.74	17.92	41.14	58.04	58.66	92.67

■ Rural ■ Urban
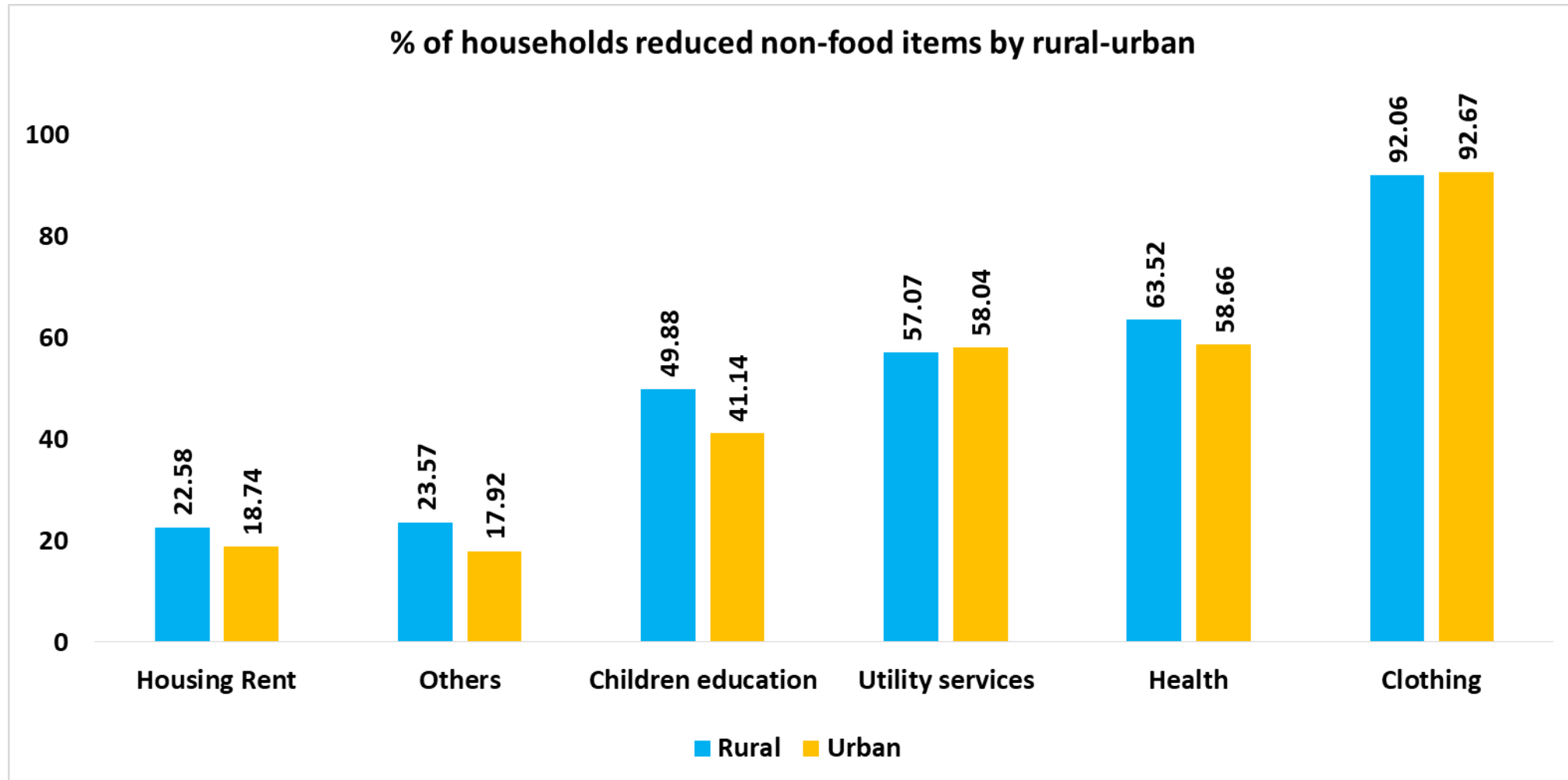
N = 894 Households

# Poorer households are more food-insecure now compared to six-month back

Was there a time when you or others in your household did the followings due to the lack of money or other resources?


Severity of food insecurity for poorer households

Category	6 Month Back	Current Month
Worried about having enough food	41.25	72.94
Unable to eat healthy and nutritious food	56.25	78.00
Ate only few kinds of food	49.94	77.81
Had to skip a meal	20.31	37.38
Ate less than he should	42.06	71.19
Household ran out of food	21.44	39.56
Hungry but didn't eat	17.94	32.38
Starving a whole day	9.75	18.19
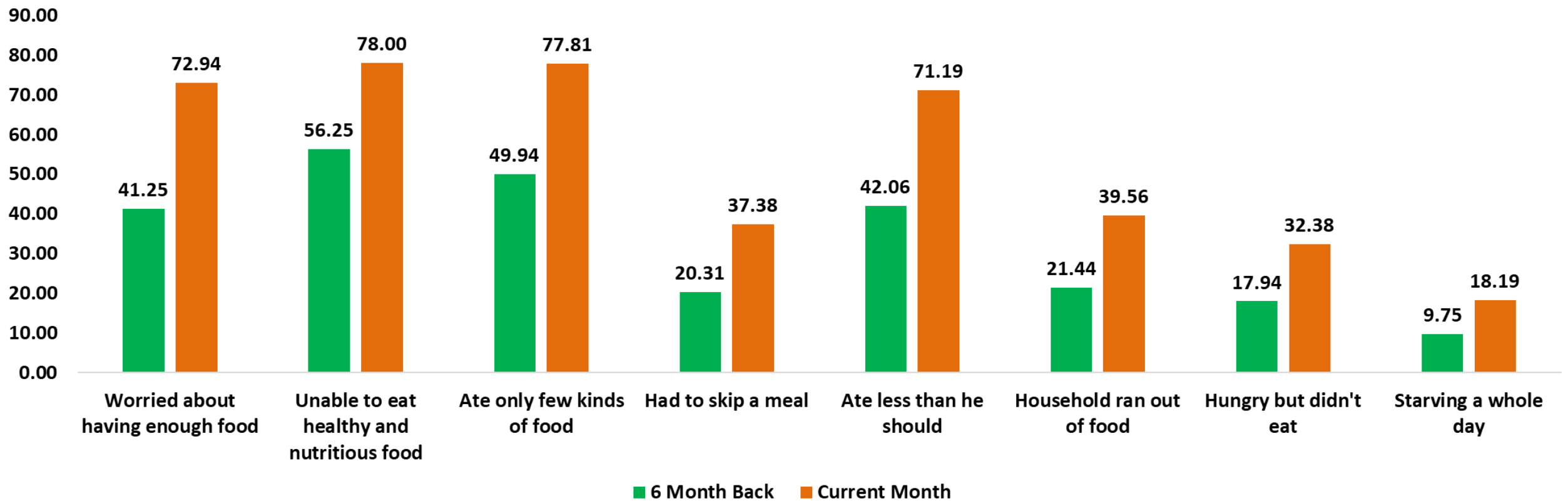
N = 1600 Households

Severity of food insecurity (% of households)
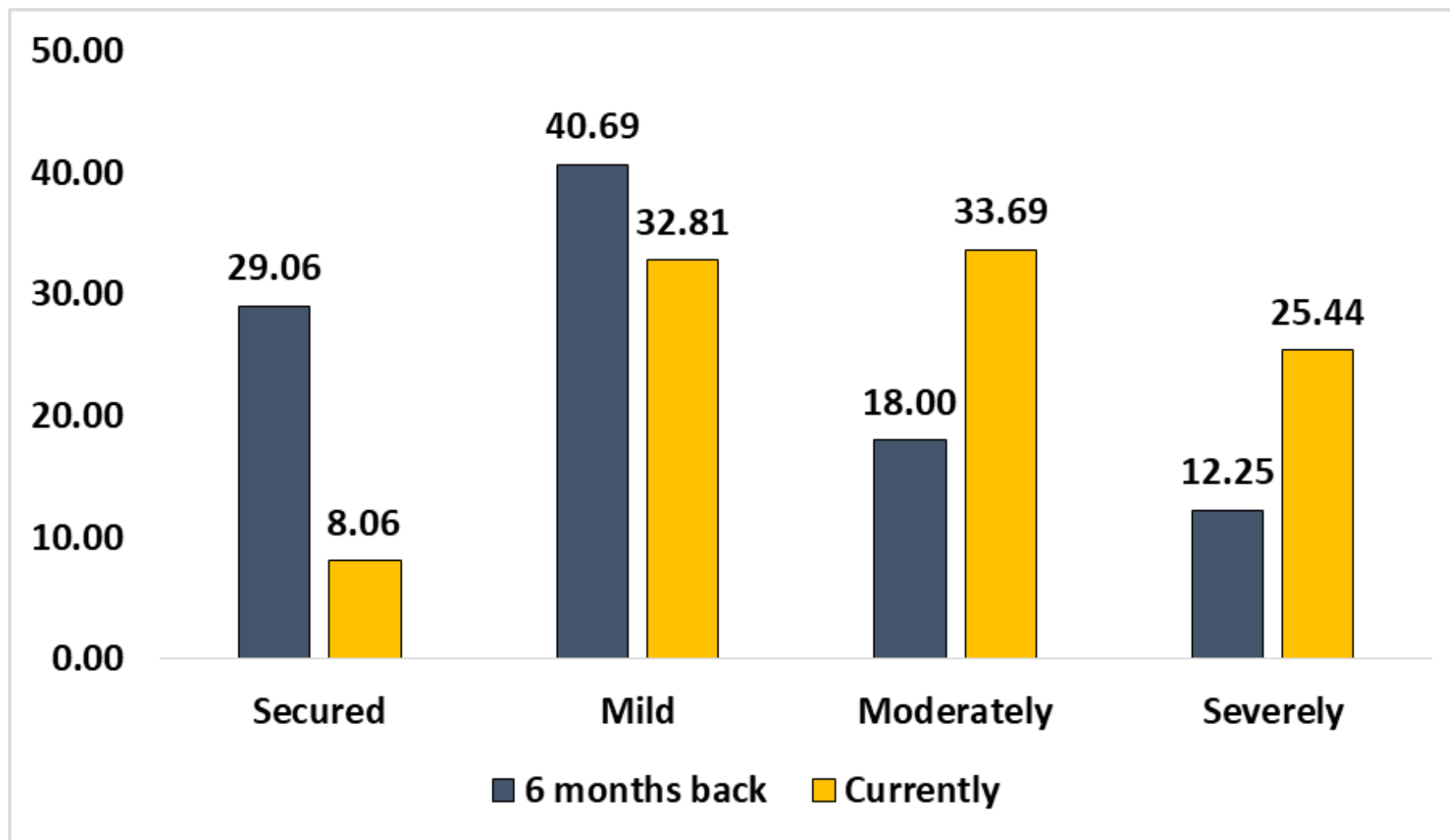
N = 1600 Households

Poorer households in urban area are more food-insecure now compared to rural areas

Was there a time when you or others in your household did the followings due to the lack of money or other resources?
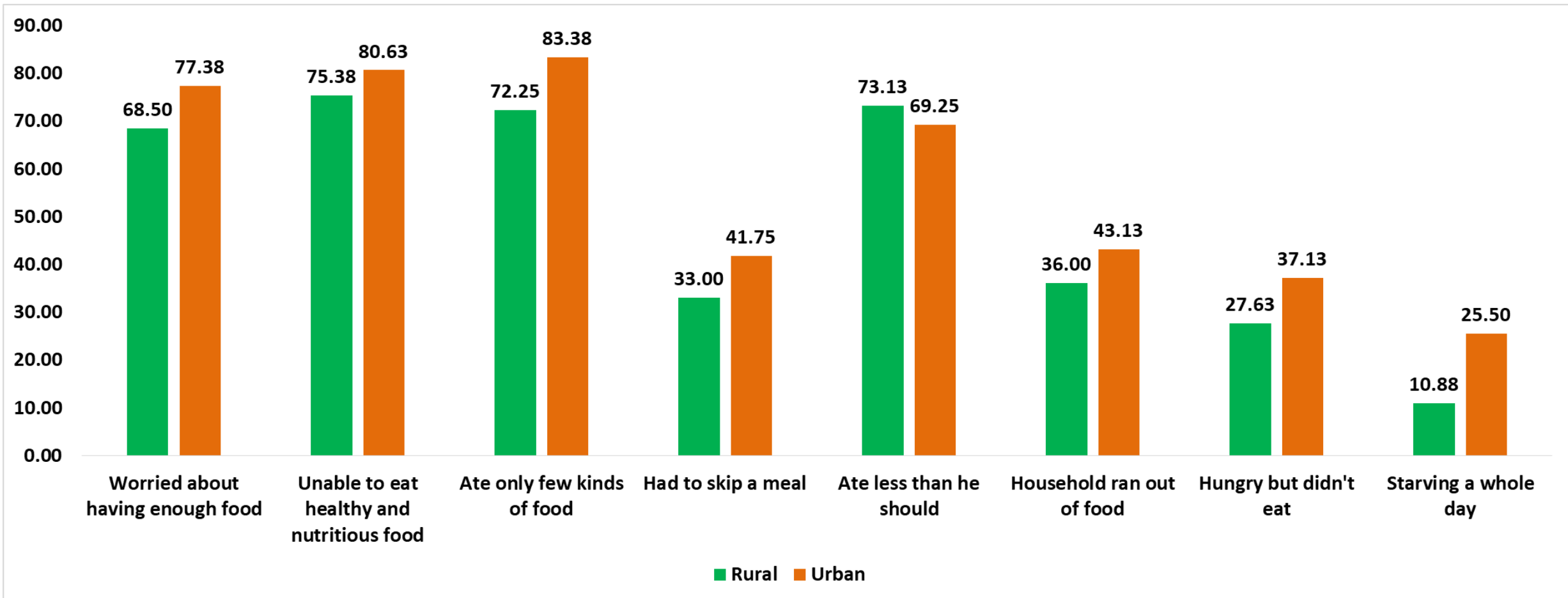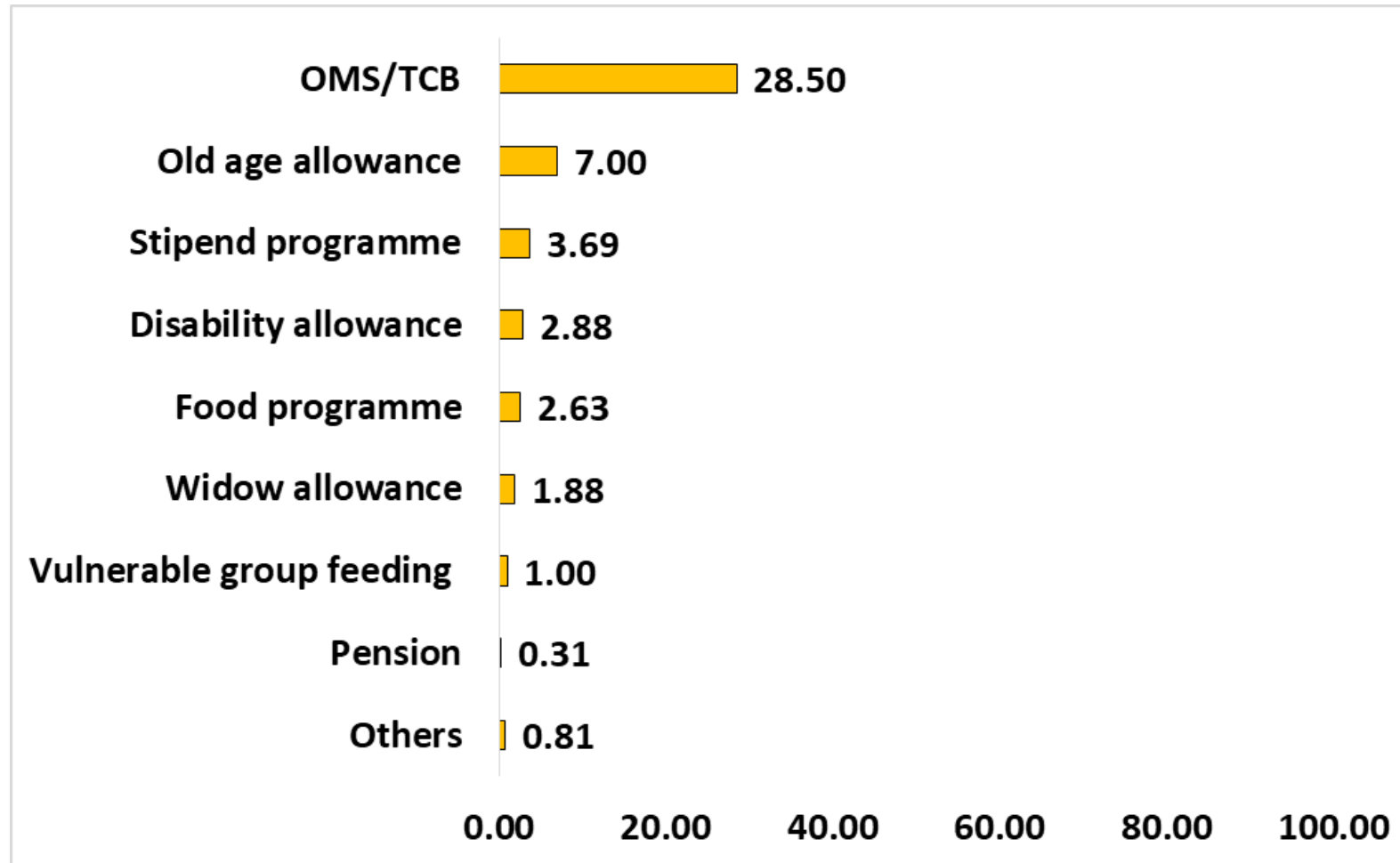

N = 1600 Households

Severity of food insecurity now (% of households): rural- urban
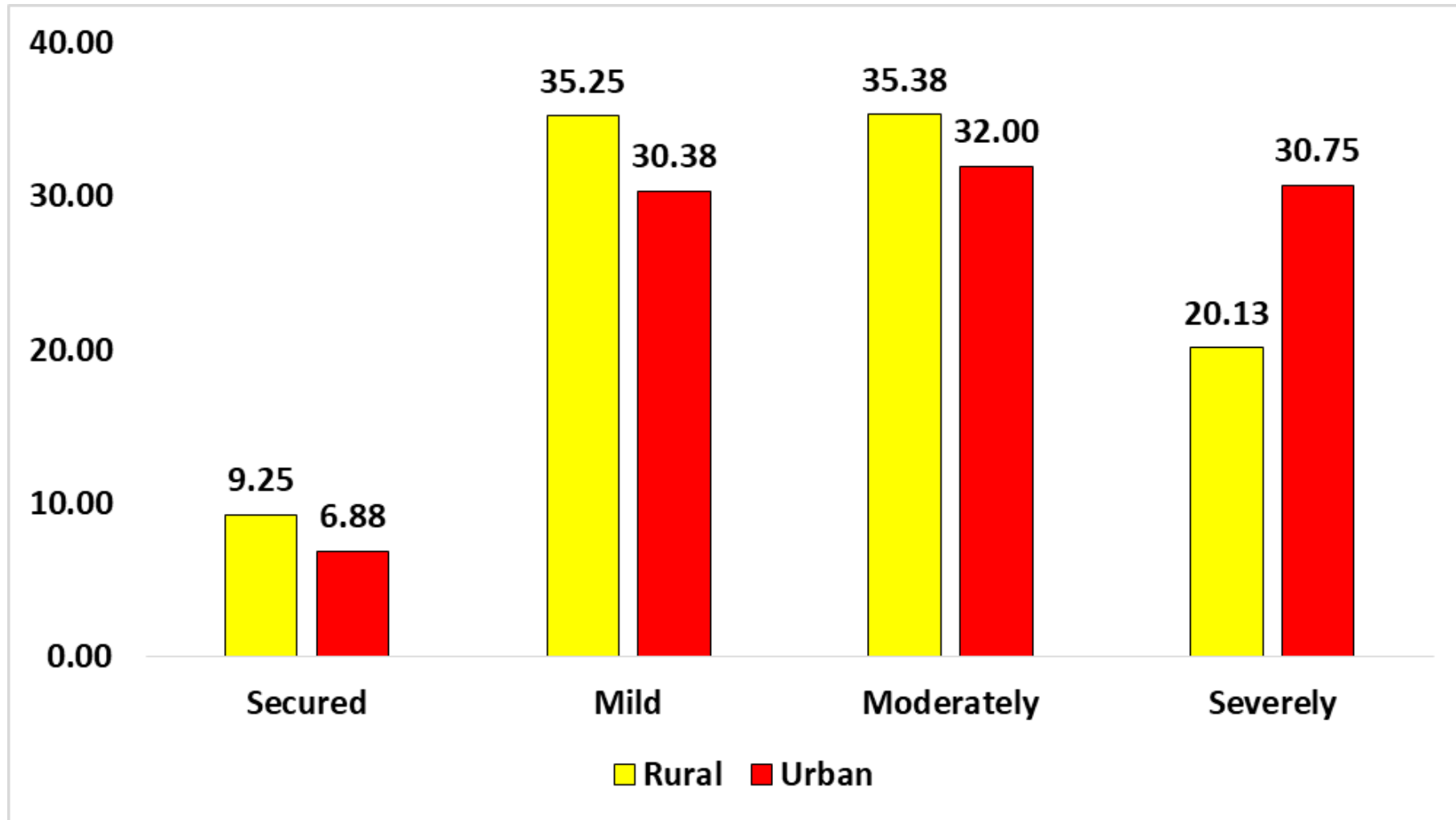
N = 1600 Households

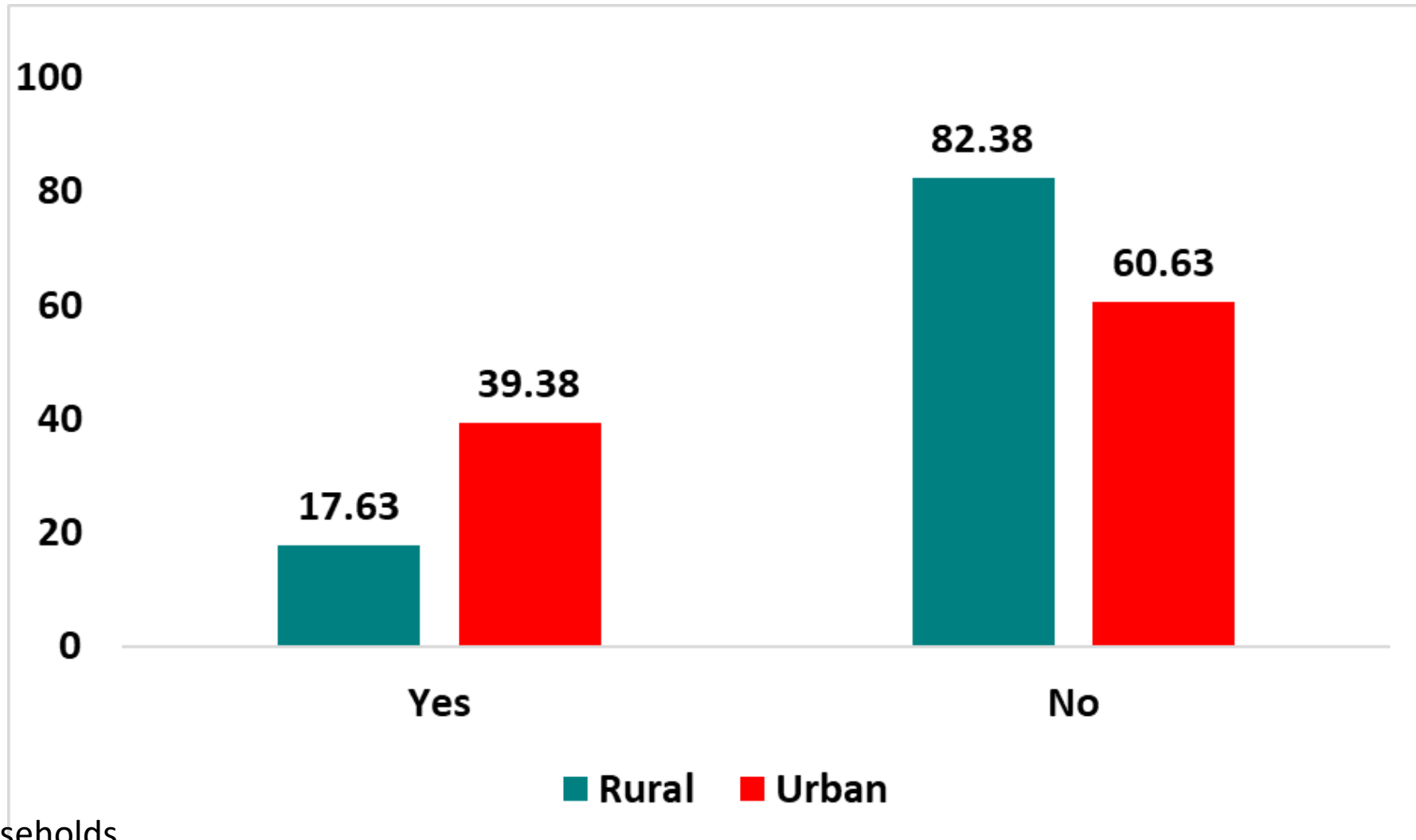# Coverage of social security programs: % of households as a beneficiary of social security programs

Yes, 643, 40%

No, 957, 60%
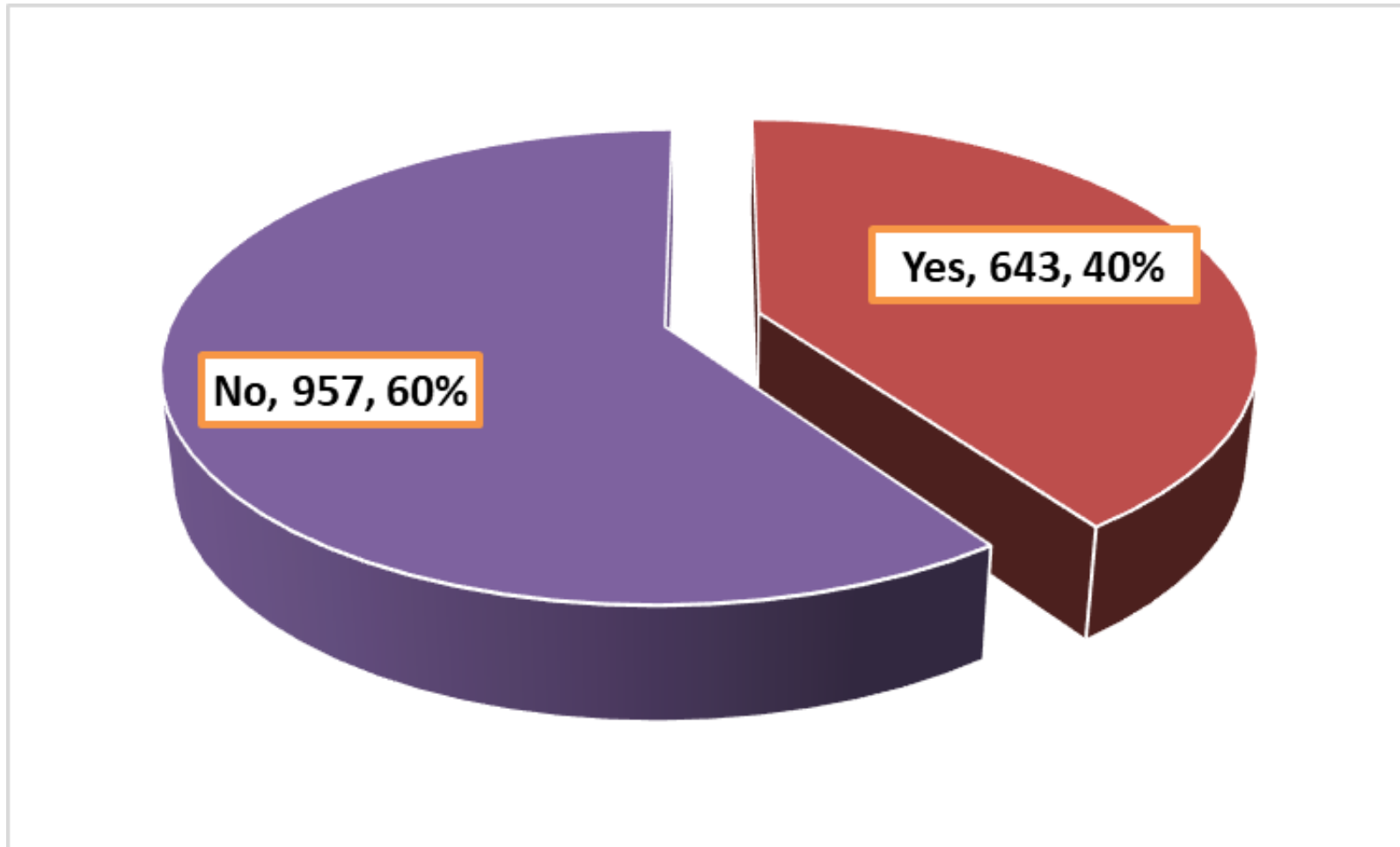
N = 1600 Households

% of households as a beneficiary of different social security programs

N = 1600 Households

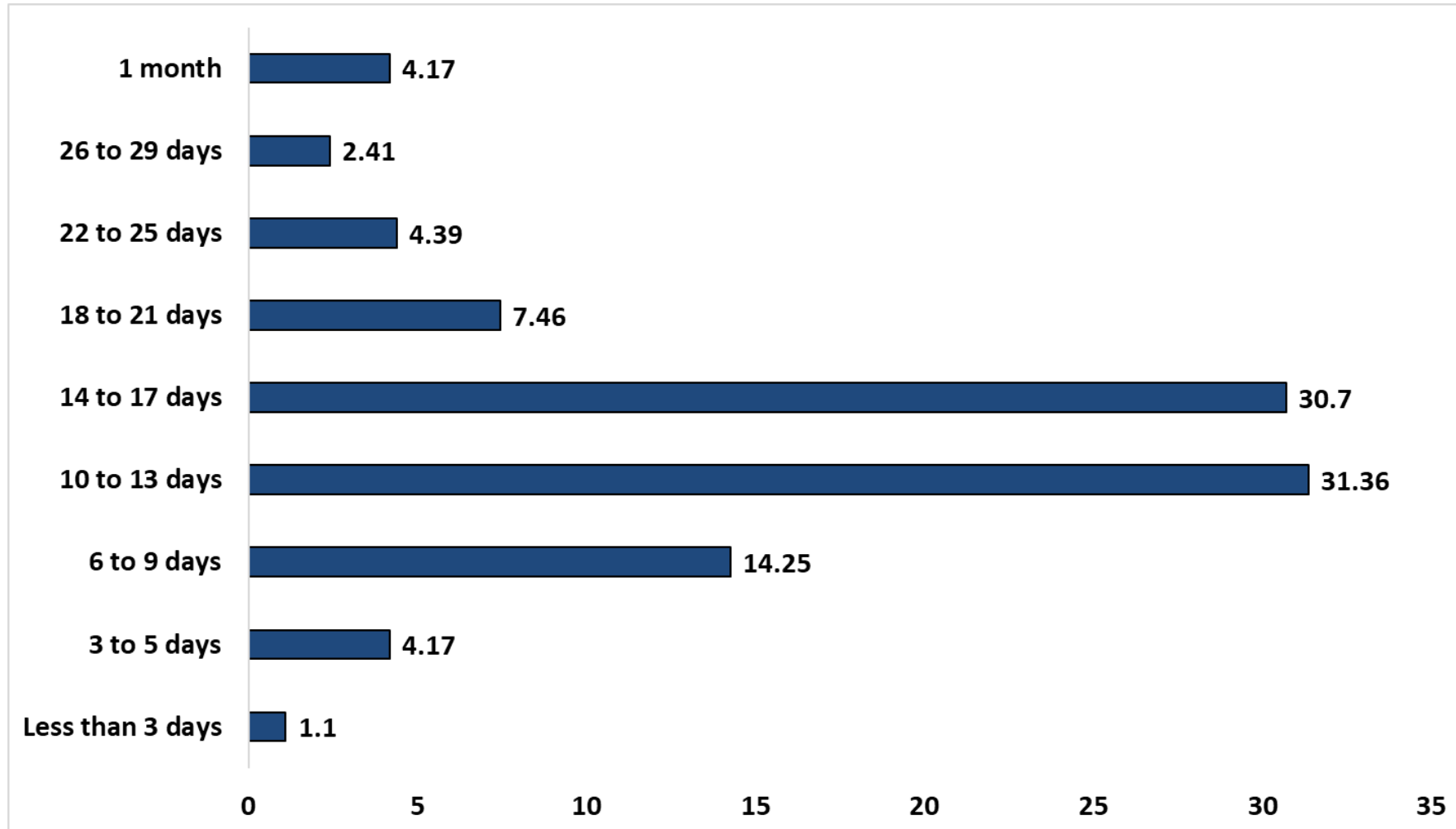# % of households buying products from TCB/OMS programs by rural-urban

N = 1600 Households

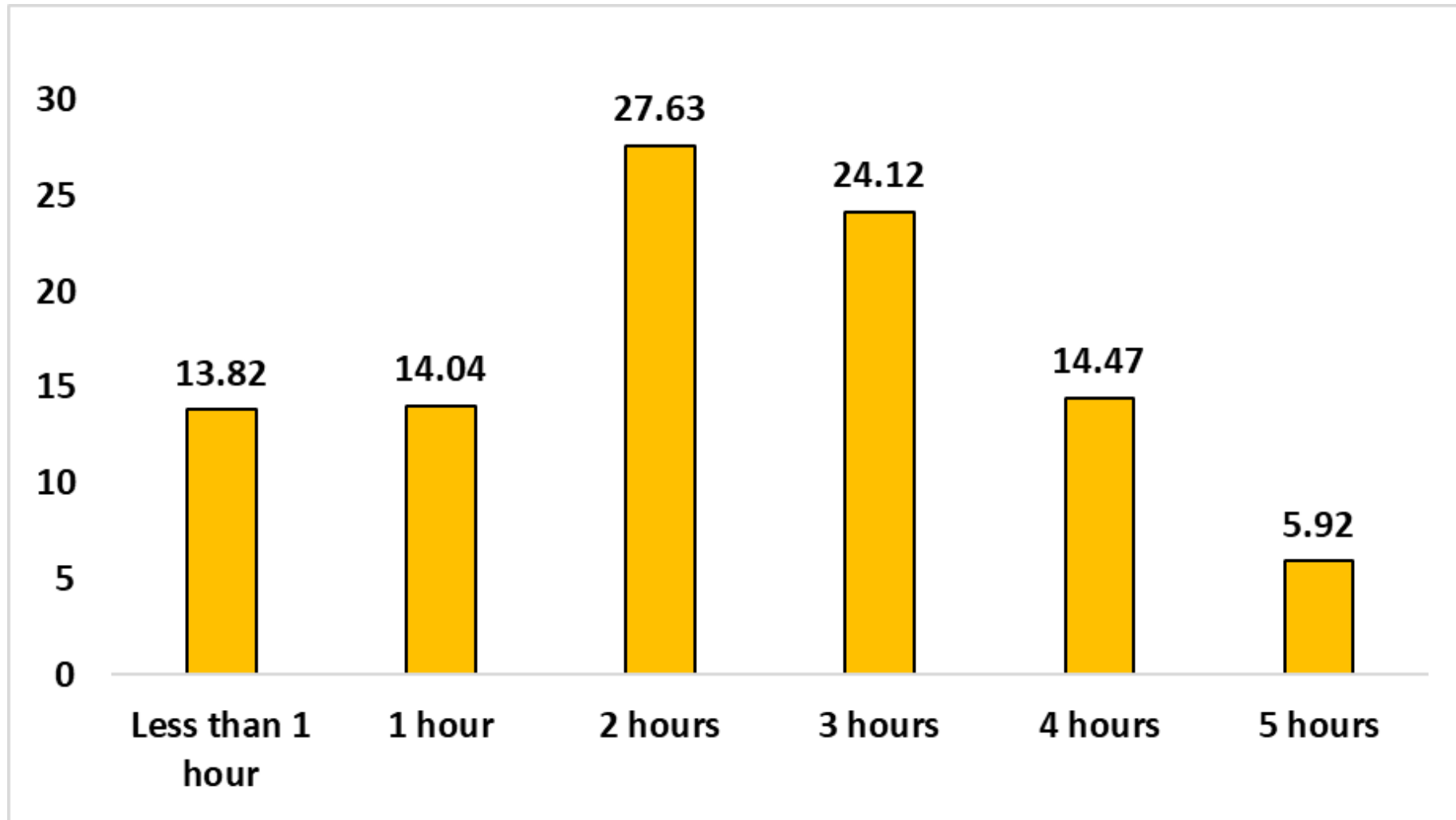# Frequency of receiving TCB products (in a month)

TCB products
- **Sugar (55 taka/kg)**
- **Soybean oil (110 taka/litre)**
- **Onion (30 taka/kg)**
- **Lentils (60 taka/kg)**
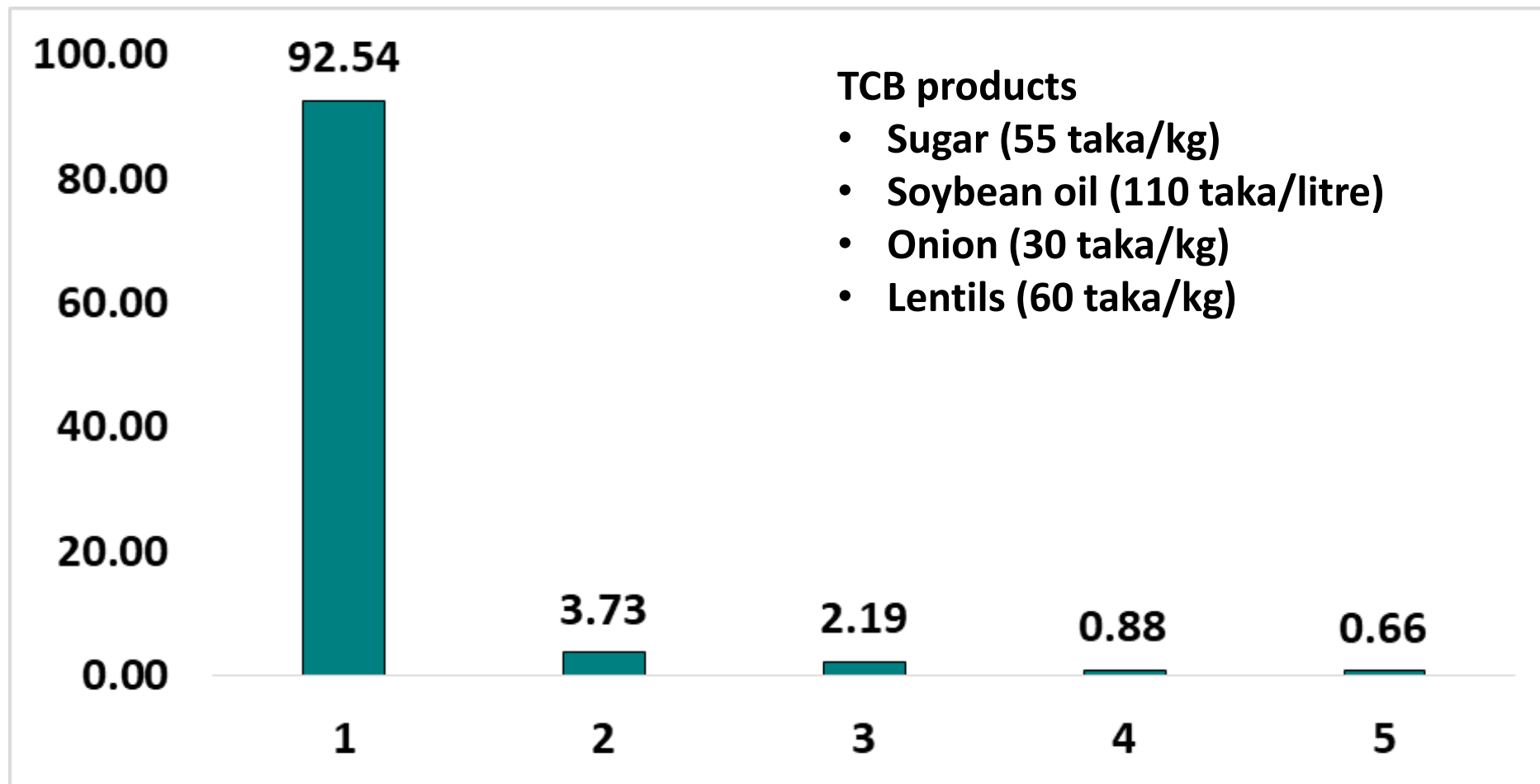
N = 456 Households

Number of days covered with these TCB products (in a month)

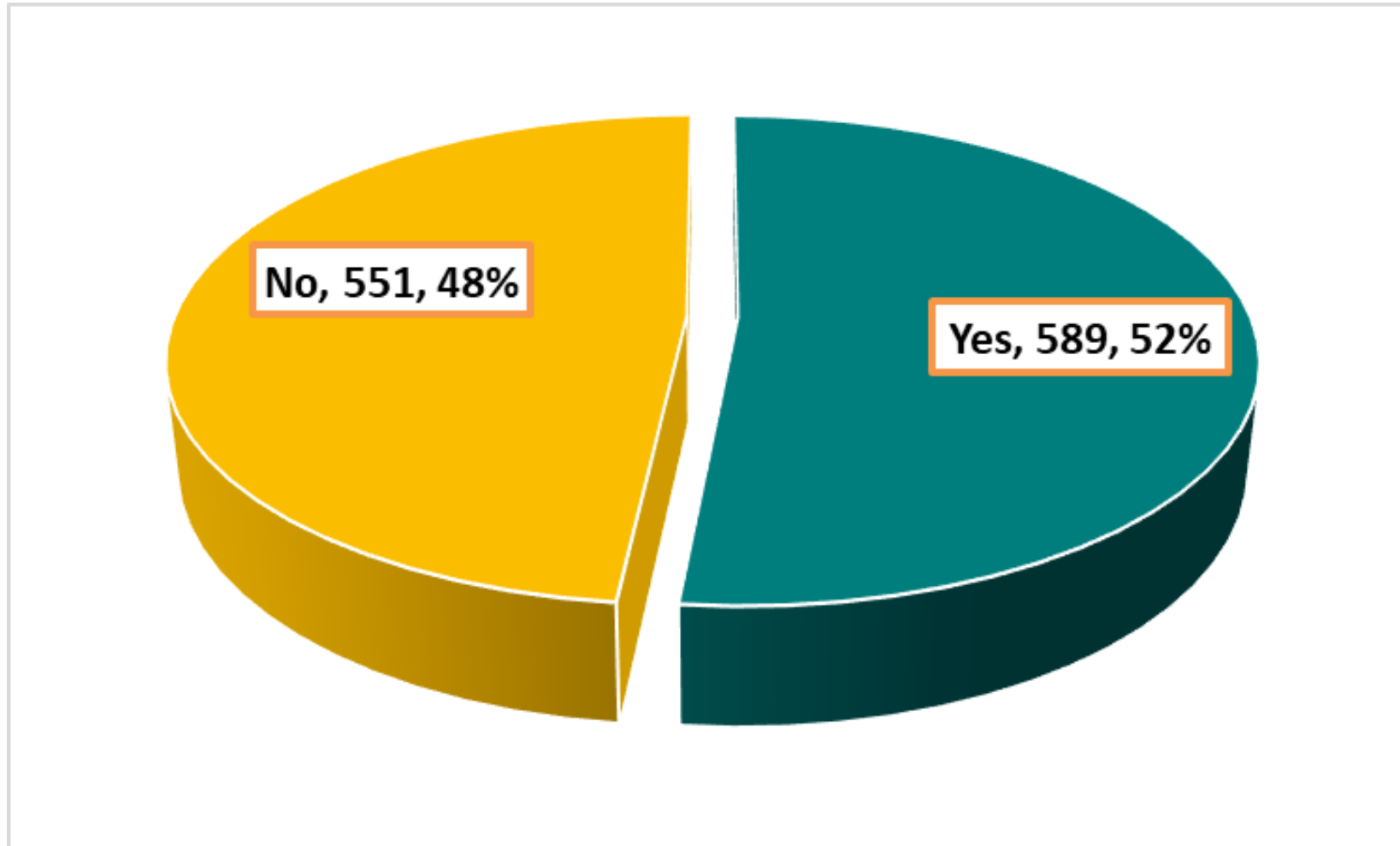| Category	Value
1 month	4.17
26 to 29 days	2.41
22 to 25 days	4.39
18 to 21 days	7.46
14 to 17 days	30.7
10 to 13 days	31.36
6 to 9 days	14.25
3 to 5 days	4.17
Less than 3 days	1.1

N = 456 Households

On average, number of hours spent on collecting TCB products (%)
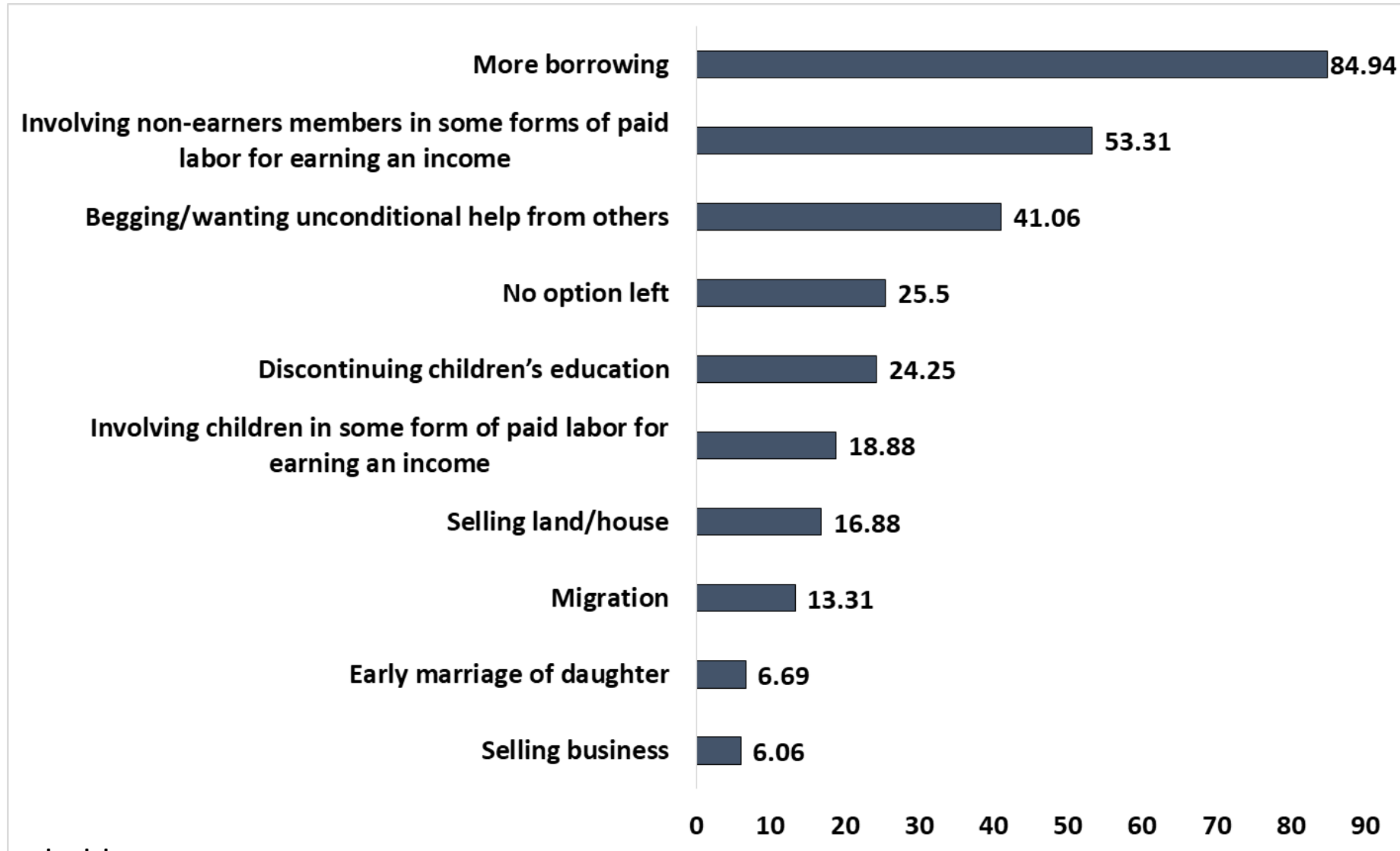

N = 456 Households

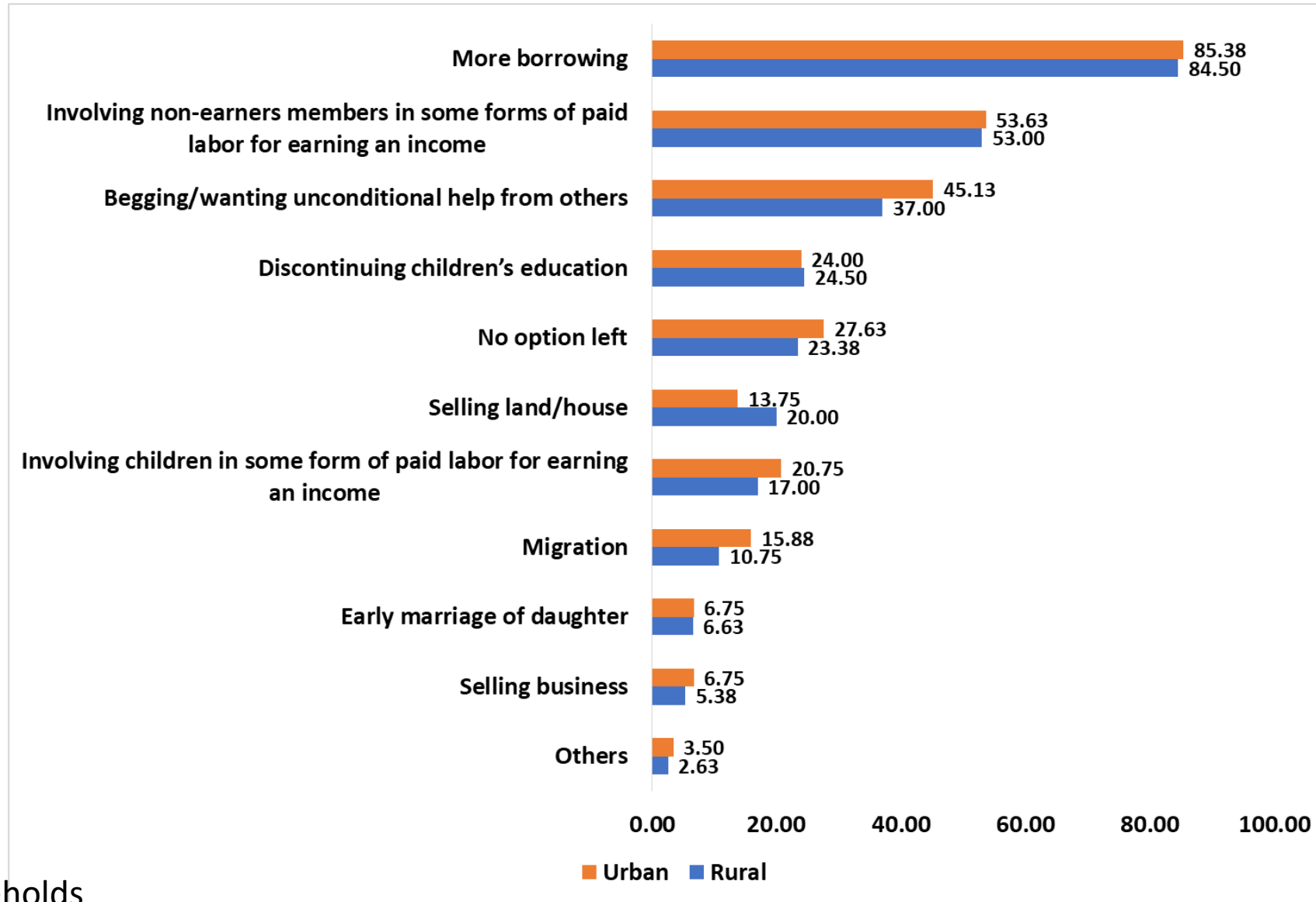# % of households trying to get a TCB card related facilities (those who don't have TCB card – 72% of HHs)

No, 551, 48%

Yes, 589, 52%

N = 1144 Households

What are the future coping strategies?

| Coping strategy	Percentage
More borrowing	84.94
Involving non-earners members in some forms of paid labor for earning an income	53.31
Begging/wanting unconditional help from others	41.06
No option left	25.5
Discontinuing children's education	24.25
Involving children in some form of paid labor for earning an income	18.88
Selling land/house	16.88
Migration	13.31
Early marriage of daughter	6.69
Selling business	6.06

N = 1600 Households

What are the future coping strategies (rural-urban)?

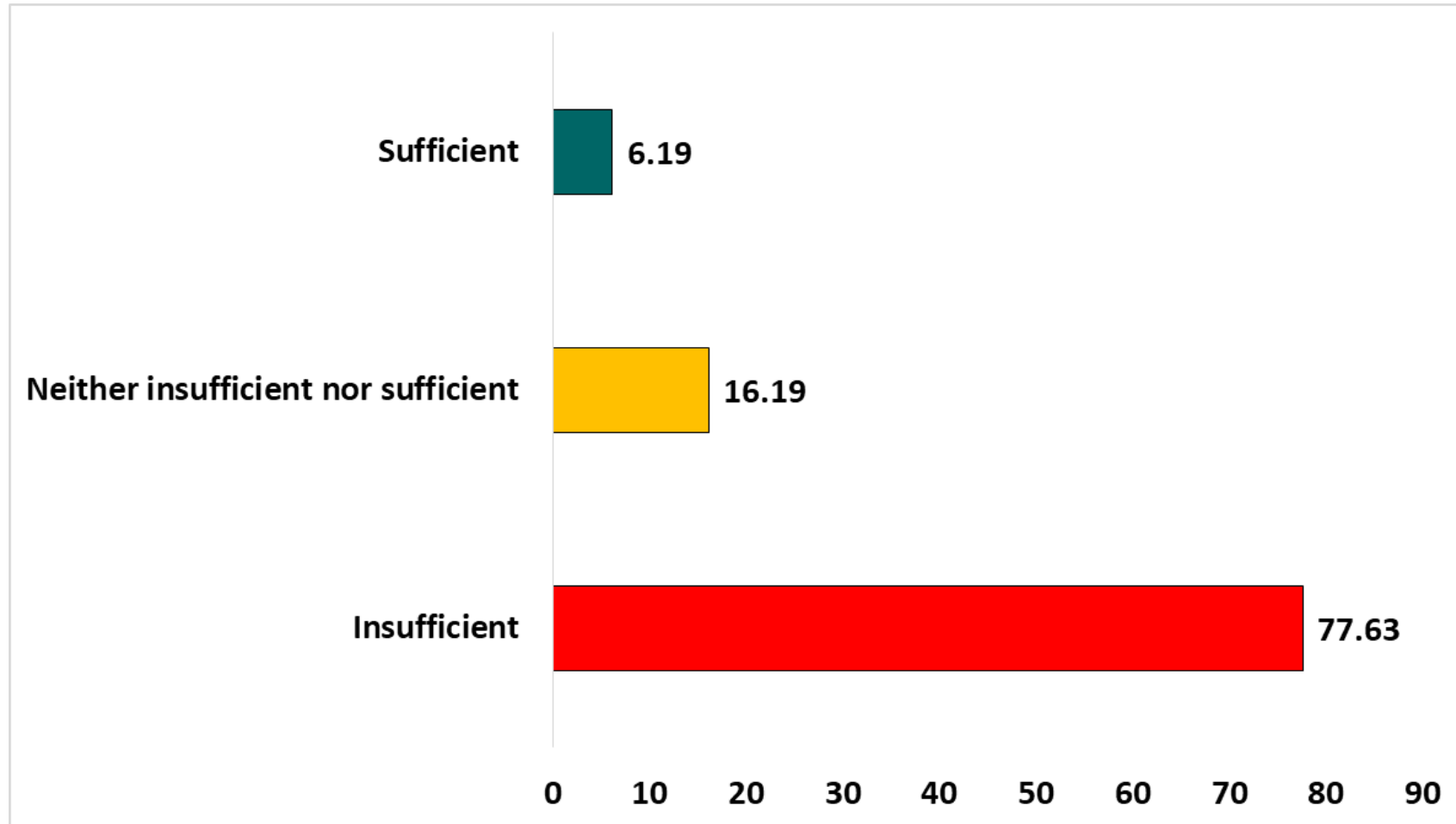N = 1600 Households

% of those who want to migrate in future
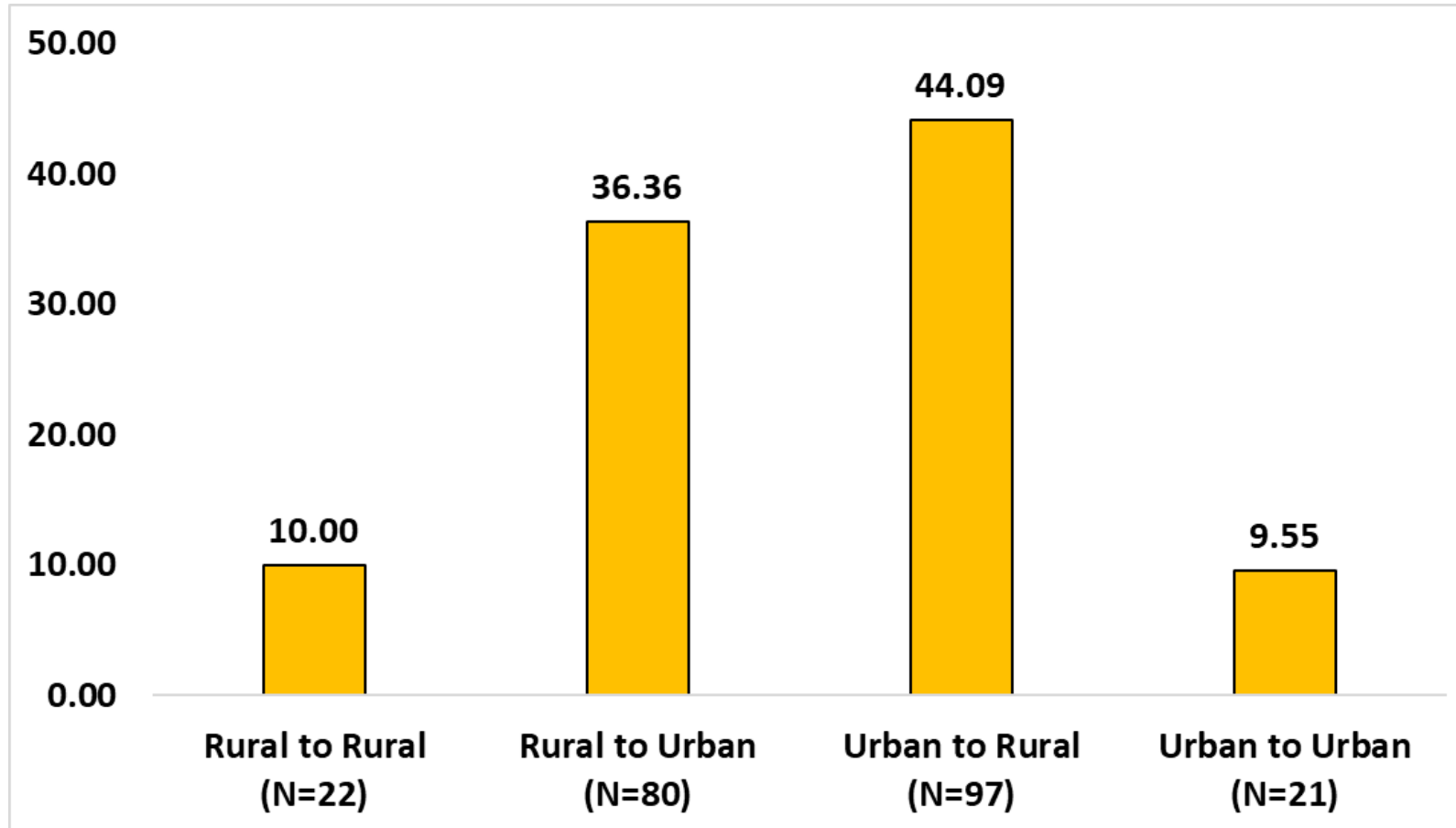
N = 213 Households

What is the future outlook?
% of households expecting improvement of their financial condition (in next six months)

N = 1600 Households
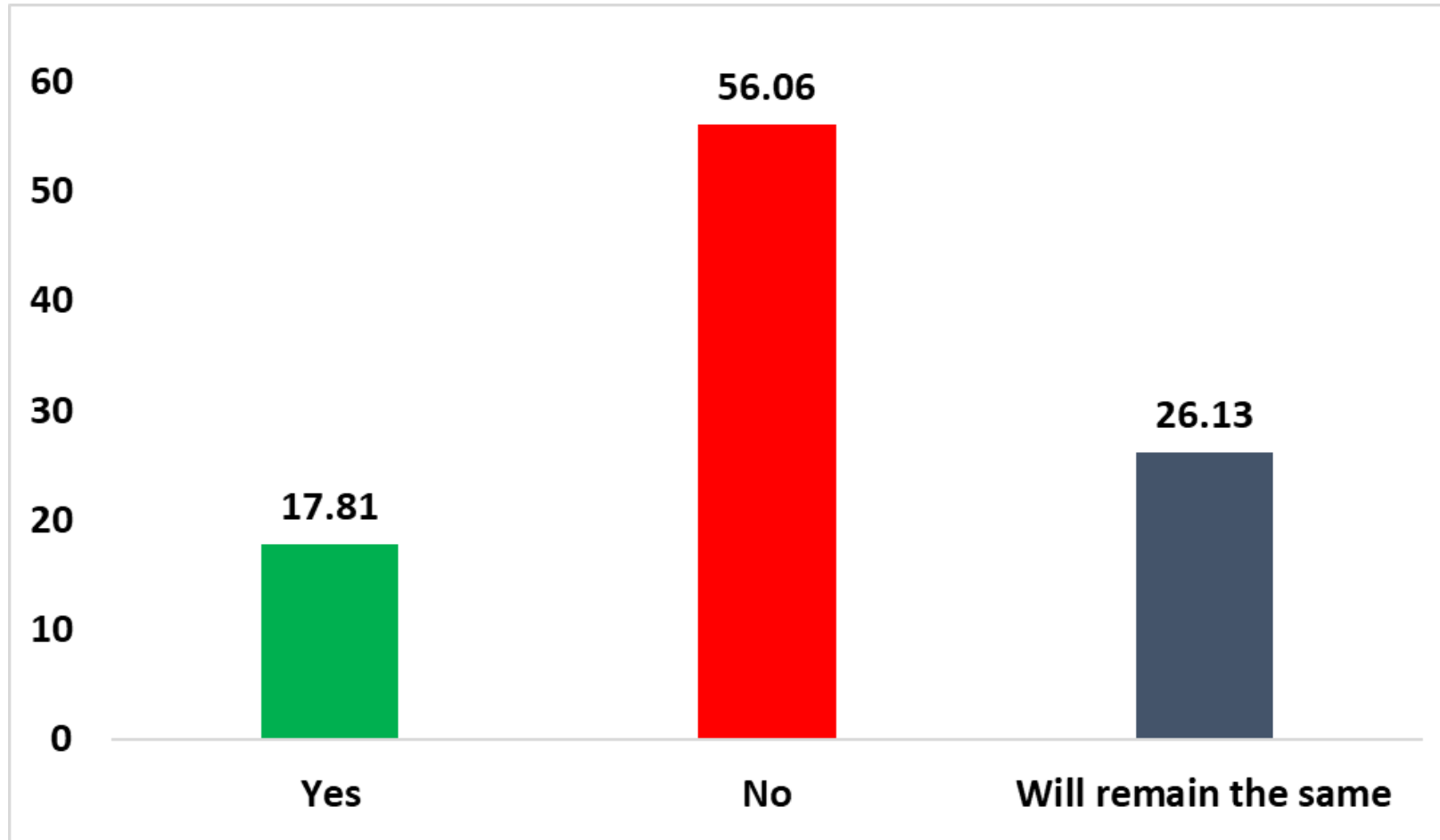
Were the measures taken by the government during this inflationary situation sufficient? (% of respondents)

N = 1600 Households

What needs to be done?

- Inflation is the cruelest "tax" for the marginalized people.
- Addressing the inflationary pressure and resultant food insecurity of the poorer households need to be the top priority now.
- Ensuring the adequate supply of food items in the market:
  - Domestic production of food needs to be increased substantially.
  - Efforts should be there to find alternative import sources.
- The prices of food items need to be brought down to the affordable levels.
- The government's social protection programmes for the underprivileged need to be expanded.
  - Food support programs or the number of TCB cards have to be increased.
  - Under-allocation of resources, targeting errors, lack of coordination between ministries, corruption and institutional weakness, and non-availability of assistance to many of those eligible for aid are major problems in the social protection sector.
- Market monitoring needs to be strengthened to prevent the manipulation of commodity prices.

Thank You